



VERITAS S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€100,000,000 4.250 per cent. Notes due 2021

The €100,000,000 4.250 per cent. Notes due 2021 (the "**Notes**") of Veritas S.p.A. (the "**Issuer**") are expected to be issued on 14 November 2014 (the "**Closing Date**") at an issue price of 99.328 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 14 May 2021. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of a Change of Control (as defined below). See "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Notes will bear interest from 14 November 2014 at the rate of 4.250 per cent. per annum, payable annually in arrear on 14 May each year commencing on 14 May 2015. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

This Prospectus is a prospectus for the purposes of Directive 2003/71/EC (as amended, including Directive 2010/73/EU, the "**Prospectus Directive**") and relevant implementing measures in Ireland. This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive.

The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

This Prospectus is available for viewing on the Irish Stock Exchange's website (www.ise.ie) and the documents incorporated by reference herein may be accessed on the Issuer's website (www.gruppo-veritas.it) (see "*Information Incorporated by Reference*").

An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 6.

The Notes will be in bearer form and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around the Closing Date with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**") not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Lead Manager
BNP PARIBAS

13 November 2014

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to BNP Paribas (the "**Lead Manager**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Lead Manager.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer since the date of this Prospectus. The Issuer is under no obligation to update the information contained in this Prospectus after the initial distribution of the Notes and their admission to trading on the regulated market of the Irish Stock Exchange. Furthermore, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Lead Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice and each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and to have consulted its own legal, business, accounting and tax advisers. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Lead Manager to any person to subscribe for or to purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions.

Neither the Issuer nor the Lead Manager represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Lead Manager which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's and the Group's results of operations, financial condition and liquidity, and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which

any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) references to "**billions**" are to thousands of millions;
- (ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iii) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (iv) the "**Group**" or the "**Veritas Group**" means the group consisting of the Issuer and its consolidated subsidiaries;
- (v) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;
- (vi) the "**Issuer**" or "**Veritas**" means Veritas S.p.A.; and
- (vii) references to a "**Member State**" are references to a Member State of the European Economic Area.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and consider carefully whether an investment in the Notes is suitable for them in the light of the information in this Prospectus and their personal circumstances, based upon their own judgment and upon advice from such financial, legal and tax advisers as they deem necessary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. Prospective investors should read the whole of this Prospectus, including the information incorporated by reference.

Factors that may affect the issuer's ability to fulfil its obligations under the Notes

Evolution in the legislative and regulatory framework for the waste and water sectors

Changes in applicable legislation and regulation, whether at a national or European level and the manner in which they are interpreted could affect the Group's earnings and operations either positively or negatively, due to the impact on its current operations and on the cost and future revenue-earning capabilities in sectors in which the Group conducts its business. Such changes could include changes in tax rates, legislation and policies and changes in environmental, safety or other workplace laws. Public policies related to water, waste, energy, energy efficiency and/or air emissions, may have an impact on the overall market and particularly the public sector. The Group operates its business in a political, legal, and social environment which is expected to continue to have a material impact on the performance of the Group. Regulation of a particular sector affects many aspects of the Group's business and, in many respects, determines the manner in which the Group conducts its business and the fees it charges or obtains for its products and services. Any new or substantially altered rules and standards may adversely affect the Issuer's business, financial condition and results of operations.

Dependence on concessions from local authorities for its regulated activities

For the financial year ended 31 December 2013, the overwhelming majority of the activities of the Group (namely, water cycle and waste management) were regulated. These regulated activities are dependent on concessions from local authorities (in the case of water and waste management) that vary in duration across the Group's business areas. In addition, as described elsewhere in this section (see "*Evolution in the legislative and regulatory context for the waste and water sectors*" above and "*Regulation of local public services and expiry of concessions*" below), legislation in Italy could affect the expiry date of certain concessions. Both in the case of expiry of a concession at its stated expiry date and in the case of early termination for any reason whatsoever (including failure by a concession holder to fulfil its material obligations under its concession), each concession holder must continue to operate the concession until it is replaced by the new incoming concession holder.

Each concession is governed by agreements with the relevant grantor requiring the relevant concession holder to comply with certain obligations (including performing regular maintenance) and is subject to penalties or sanctions for the non-performance or default under the relevant concession. Failure by a concession holder to fulfil its material obligations under a concession could, if such failure is left unremedied, lead to early termination by the grantor of the concession. Furthermore, in accordance with general principles of Italian law, a concession can be terminated early for reasons of public interest. In either case, the relevant concession holder might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concession holder.

No assurance can be given that the Group will be successful in renewing its existing concessions or in obtaining concessions to permit it to carry on its business once its existing concessions expire, or that any new concessions entered into or renewals of existing concessions will be on terms similar to those of its current concessions. Any failure by the Group to obtain new concessions or renew existing concessions, in each case on similar or otherwise favourable terms, will have a material adverse impact on the Issuer's business, financial condition and results of operations.

Regulation of local public services and expiry of concessions

Legislation in recent years providing for the early expiry of concessions for local public services has given rise to concerns as to how it will affect the business of operators in this sector such as the Issuer and its subsidiaries. Article 23-*bis* of Law Decree No. 112 of 25 June 2008 (as converted into law by Law No.133 of 6 August 2008) provided for the automatic early expiry of certain concessions that had not originally been awarded on the basis of a public tender unless the shareholding of public entities in the concession holder was reduced to certain thresholds. However, a referendum in June 2011 revoked Article 23-*bis* and subsequent legislation fell foul of the Constitutional Court in July 2012, as it was held to be an attempt to introduce provisions that were analogous to those that had already been barred by the referendum.

After the decision of the Constitutional Court, Article 34 of Law Decree No. 179 of 18 October 2012 (as confirmed by Law No. 221 of 17 December 2012) provided for full compliance with national and EU legislation of concessions previously awarded without a public tender to companies wholly owned by public authorities, setting out the requirements for the so-called "in-house providing" governance model. The Issuer and its subsidiaries, carrying out integrated water service and environmental service management concessions currently reflect this model and, accordingly, the concessions held by them currently comply with applicable legalisation. For further information see "*Description of the Issuer - Concessions*" and "*Regulation*".

Nevertheless, although the risks posed by legislation in recent years has for now receded, there can be no assurance that further legislation regarding expiry of concessions for local public services or having a similar effect will not be introduced in the near future. The expiry of any concessions currently held by the Group may adversely affect its business, results of operations and financial condition.

Inability to maintain or obtain the required licences, permits, approval or consents

The strategic development plan of the Veritas Group provides for considerable investments. The Group's activities entail exposure to regulatory, technical, commercial, economic and financial risks related to the obtaining of the relevant permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining these permits and approvals are often lengthy, complex, unpredictable and costly. If Veritas is unable to maintain or obtain the relevant permits and approvals, its ability to achieve its strategic objectives could be impaired, with a consequent adverse impact on its business, financial condition and results of operations.

Revision of tariffs in the water sector

The Group operates, *inter alia*, in the water sector and is exposed to a risk of variation in the tariffs applied to end users. Article 21 of Law Decree No. 201 of 6 December 2011 (converted into law by Law No. 214 of 22 December 2011) ordered the abolition of the national agency for regulating and supervising the water sector, and its functions are now performed by the *Autorità per l'Energia Elettrica, il Gas e il Sistema Idrico* (the National Authority for Electrical Energy, Gas and Water Supply or the "AEEGSI") and the Ministry for the Environment. Following this change, the tariffs payable by customers in the water sector (as proposed by the competent district authorities within each district) must be approved by the AEEGSI. In 2013 the AEEGSI adopted a resolution introducing a new tariff method. For further information see "Regulation". There can be no assurance that any future revision of tariffs in the water sector will keep them at a level that satisfies the Issuer's expectations or requirements, and they may be significantly reduced, possibly in response to political or public pressure. Should any such changes result in decreases in tariffs or in repayments to customers, these could have a material adverse effect on the Issuer's financial condition and results of operations.

Risks relating to competition

As at the date of this Prospectus, the Veritas Group does not face any significant competition in the areas of business in which it operates. However, there is no guarantee that, in the future, changes in the applicable legal and regulatory framework (including that governing the granting of concessions) and how they are interpreted by the courts or by regulators, whether at a national or European level, could lead to a significant increase in competition. The Issuer's failure or inability to respond effectively to an increased level of competition could have an adverse impact on the Issuer's growth prospects, results of operations and cash flows and its ability to fulfil its obligations under the Notes.

Operational risks through its ownership and management of water management and distribution networks and plants

Sewer flooding

The Issuer's combined sewerage systems can, during prolonged heavy rainfall, reach their hydraulic capacity resulting in flooding. As it is not possible to forecast accurately the occurrence and effects of sewer flooding, forward planning and the making of full and reliable provision for the effects, or the alleviation of the risk, of sewer flooding is difficult. The financial costs of measures required to deal with sewer flooding, or measures designed to alleviate the risk of sewer flooding to properties which become at risk, may be higher than predicted, which could have a material adverse impact on the business, financial condition or results of operations of the Issuer.

Water shortages

Water shortages may be caused by natural disasters, floods and prolonged droughts, below average rainfall or increases in demand or by environmental factors, such as climate change, which may exacerbate seasonal fluctuations in supply availability. In the event of water shortages, additional costs may be incurred by the Issuer in order to provide emergency reinforcement to supplies in areas of shortage which may adversely affect its business, results of operations, profitability or financial condition. In addition, restrictions on the use or supply of water may adversely affect the Issuer's turnover and may even lead to significant compensation becoming due to customers because of interruptions to supply, both of which could have a material adverse impact on the business, financial condition or results of operations of the Issuer.

Service interruptions due to key site or installation disruption

Unexpected failure or disruption (including criminal acts or major health and safety incidents) at a key site or installation (including a treatment works) could cause a significant interruption to the supply of

services (in terms of duration or number of customers affected), materially affecting the way that the Issuer operates, prejudicing its reputation and resulting in additional costs including liability to customers or loss of revenue, each of which could have a material adverse impact on the business, financial condition or results of operations of the Issuer.

Contamination of water supplies

Water supplies may be subject to contamination, including contamination from the presence of naturally occurring compounds and pollution from man-made substances or criminal acts. In the event that the Issuer's water supply is contaminated and it is unable to substitute water supply from an uncontaminated water source, or to treat adequately the contaminated water source in a cost-effective manner, this may have an adverse effect on its business, financial condition or results of operations because of the resulting prejudice to reputation and required capital and operational expenditure. The Issuer could also be fined for breaches of requirements or regulations, or held liable for human exposure to hazardous substances in its water supplies or other environmental damage, which could have a material adverse impact on the business, financial condition or results of operations of the Issuer.

In addition, contamination of supplies could exacerbate water shortages, giving rise to the issues described above. Risk also arises from adverse publicity that these events may generate and the consequent damage to the Issuer's reputation. Any such negative publicity as a result of contamination could be far reaching due to the high levels of tourism in the area in which the Issuer operates and could have a material adverse impact on the business, financial condition or results of operations of the Issuer.

Weather and catastrophe risk

There is a risk that extreme weather conditions could cause flooding, prolonged periods of drought and/or operational difficulties, which could adversely affect the Issuer's service performance and give rise to potential penalties, the need to pay compensation to customers or other regulatory action.

Moreover, catastrophic events such as dam bursts, fires, earthquakes, floods, droughts, terrorist attacks, diseases, plant failure or other similar events could result in personal injury, loss of life, pollution or environmental damage, severe damage to or destruction of the Issuer's operational assets. Any costs resulting from suspension of operations of the Issuer could have a material adverse effect on the ability of the Issuer to meet its financing obligations.

Other operational risks

Other operational risks to which the Issuer is exposed, including those linked to the ownership and management of waste management assets (treatment plants and landfills), include extreme weather phenomena, natural disasters, fire, terrorist attacks, mechanical breakdown of or damage to equipment or processes, accidents and labour disputes. In particular, these risks could cause significant damage to the Group's property, plant and equipment and, in more serious cases, production capacity may be compromised. In addition, the Group's distribution networks are exposed to malfunctioning and service interruption risks which may be beyond its control and may result in increased costs.

The Issuer's management believes that its systems of prevention and protection within each operating area, which operate according to the frequency and gravity of the particular events, its ongoing maintenance plans, the availability of strategic spare parts and insurance cover enable the Group to mitigate the economic consequences of potentially adverse events that might be suffered by any of its plants or networks. However, there can be no assurance that maintenance costs will not rise, that insurance products will continue to be available on reasonable terms or that any one event or series of

events affecting any one or more plants or networks will not have an adverse impact on the Issuer's business, financial condition and results of operations.

Risks related to environmental rules and regulations affecting the Issuer's business areas

The conduct of the Group's businesses (including in particular the storage, handling, transportation and processing of waste and the extraction, treatment, supply and distribution of drinking water and the treatment and disposal of waste water) is subject to a wide variety of laws and regulations administered by national, regional and supranational government bodies. Those laws and regulations may change, possibly at short notice, as a result of political, economic or social events. Changes in laws, regulations or governmental policy and the related interpretations may alter the conditions in which the Group carries on its business and, accordingly, may have an adverse impact on its financial results or increase in its costs or liabilities. In addition, the Group incurs and will continue to incur capital and other expenditure to comply with various laws and regulations, especially relating to protection of the environment, health and safety, and energy efficiency, all of which could adversely affect the Issuer's financial performance. The Group could also face liabilities, fines or penalties or the suspension of production for failing to comply with laws and regulations, including health and safety or environmental regulations.

Risks related to environmental expenses and liabilities

Risks of environmental and health and safety accidents and liabilities are inherent in many of the Group's operations. Notwithstanding the Issuer's belief that the operational policies and standards adopted and implemented throughout the Group to ensure the safety of its operations are of a high standard, it is always possible that incidents such as blowouts, spillover, contamination and similar events will occur, resulting in damage to the environment, employees and/or local communities.

The Group has accrued risk provisions aimed at coping with existing environmental expenses and liabilities. Notwithstanding such provisioning, the Group may in the future incur significant environmental expenses and liabilities in addition to the amounts already accrued owing to (i) unknown contamination, (ii) the results of on-going surveys or future surveys on the environmental status of certain of the Group's industrial sites as required by applicable regulations on contaminated sites and (iii) the possibility that proceedings will be brought against the Group in relation to such matters. Any such increase in costs could have an adverse effect on the Group's business, financial condition and results of operations.

Risks related to information technology

The Group's operations are supported by complex information systems, specifically with regard to its technical, commercial and administrative divisions. Information technology risk arises in particular from issues concerning the adequacy of these systems and the integrity and confidentiality of data and information. The major operating risks connected with the IT system involve the availability of "core" systems. The continuous development of IT solutions to support business activities, the adoption of strict security standards and of authentication and profiling systems help to mitigate these risks. In addition, to limit the risk of activity interruption caused by a system fault, the Group has adopted hardware and software configuration for those applications that support critical activities, which are periodically subjected to efficiency testing. Specifically, the services provided by the Group's outsourcer include a disaster recovery service that is intended to guarantee system recovery within timeframes that are consistent with the critical relevance of the affected applications. Nevertheless, there can be no assurance that serious system failures, network disruptions or breaches in security will not occur and any such failure, disruption or breach may have a material adverse effect on the Issuer's business, financial condition or results of operations.

Risks relating to legal proceedings or investigations by the authorities

The Group is a defendant in a number of legal proceedings, which are incidental to its business activities and which Veritas does not consider to be material. Veritas made provision in its consolidated financial statements for legal proceedings which amounted to €4,368,798 as at 31 December 2013 (See "*Description of the Issuer - Legal Proceedings*", below). The Group may, from time to time, be subject to further litigation and to investigations by taxation and other authorities. The Group is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing provision. In addition, it cannot be ruled out that the Group will in future years incur significant losses in addition to amounts already provided for in connection with pending legal claims and proceedings or future claims or investigations which may be brought owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations; (iii) the emergence of new evidence and information; and (iv) the underestimation of likely future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on the business, financial condition and results of operations of Veritas.

Risks relating to SIFA S.c.p.A.

The Issuer directly holds 30% and indirectly controls a further 3.33% (through its subsidiary, Sifagest S.c.a.r.l.) of the shares of a project finance company called SIFA S.c.p.A. ("**SIFA**") with the remaining shares held by the Mantovani Group. SIFA's principal activity is the ownership and management of a water treatment plant located in Marghera, for which it holds a concession granted by the Region of Venice (the "**Region**"). The concession was originally granted in 2005 pursuant to a concession agreement, as subsequently amended on two occasions (the "**SIFA Concession Agreement**").

SIFA has an outstanding bank financing originally in the sum of €80 million, which is repayable in six-monthly instalments, including a final repayment in the sum of approximately €45.7 million (including interest) due on 31 December 2016. The Issuer, together with the other shareholders of SIFA has issued a guarantee (*fidejussione*) guaranteeing payments under the loan up to a maximum amount *pro rata* with its shareholding. The outstanding amount as at the date of this Prospectus is approximately €61.3 million and, accordingly, the Issuer's maximum liability under the guarantee is therefore approximately €20.4 million. At the date of this Prospectus, it is uncertain whether SIFA will have sufficient funds to repay the next instalment of approximately €5.7 million (comprising principal and interest) which is due in December 2014. This uncertainty is due to financial difficulties caused by reduced demand for the services provided by the water treatment plant.

Pursuant to the SIFA Concession Agreement, the Region has agreed, *inter alia*, to provide financial support to SIFA and indemnify it for losses, including by means of the setting of tariff levels or through the renegotiation of existing terms. A third amendment (the "**Third Amendment**") to the SIFA Concession Agreement has been negotiated and approved by the parties and by SIFA's senior creditors but has not as at the date of the Prospectus been entered into. If the Third Amendment is entered into in its current form, SIFA is expected to have sufficient funds to meet its liabilities in full. However, it is not certain at the date of this Prospectus, when or if the Third Amendment will be signed despite being in an agreed form.

Even though the Issuer believes that the Region will ultimately assume responsibility for SIFA's financial situation and indemnify it for any losses in its balance sheet, if SIFA is unable to repay its debts and SIFA, or the Issuer on its behalf, is unable to obtain any shortfall from the Region under existing or renewed contractual arrangements or otherwise, the Issuer may be required to underwrite

a portion of SIFA's losses and/or make payment under the bank guarantee which may adversely affect the Issuer's business, financial condition and results of operations.

For further information, see paragraph 4b of the auditors' report contained in the Issuer's 2013 consolidated annual financial statements incorporated by reference into this Prospectus.

Risks related to insurance coverage

The Group maintains insurance coverage in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage, business interruption and personal injury claims. However, there can be no assurance that: (i) the Group will be able to maintain the same insurance cover in the future (on acceptable terms or at all); (ii) claims will not either exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be able to meet their obligations; or (iv) the Group's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of liabilities eventually incurred.

Risks related to the international financial crisis

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and to affect the global economy. In Europe, despite measures taken by several governments, international and supranational organizations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will last and to what extent the Issuer's business, results of operations and financial condition may be adversely affected. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer and the Group may be adversely affected and its costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

Credit risk

Credit risk represents the Group's exposure to potential losses that may be incurred if a commercial or financial counterparty fails to meet its obligations. The main credit risks for the Group arise from trade receivables from the provision of water and waste management services. The Group seeks to address this risk with policies and procedures regulating the monitoring of expected collection flows, the issue of reminders, the granting of extended credit terms if necessary and the implementation of suitable recovery measures. This risk has intensified in recent years due to the ongoing economic recession and the Group has reacted by implementing a series of preventive measures, which include an increase in internal and external credit management controls and the setting aside of substantial provisions for distressed debts. Notwithstanding the foregoing, a general increase in default rates could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Interest rate risk

The Group is exposed to fluctuations in rates of interest, in particular from financial indebtedness. The Group's objective is to limit its exposure to interest rate increases while maintaining acceptable borrowing costs. The risks associated with increases in interest rates are monitored non-speculatively

and, if necessary, reduced or eliminated by signing hedging swap and collar contracts with financial counterparties, for the sole purpose of cash flow hedging. As at 31 December 2013, contracts to limit exposure to interest rate risk were classified as cash flow hedges in that they satisfy requirements for the application of hedge accounting and their fair value was a negative figure of €264,000. As at 31 December 2013, the Group's hedging contracts, together with fixed-rate loans, hedge approximately 12.7 per cent. of its net financial indebtedness against interest rate risk, in line with the Group target of maintaining a balance between floating rate loans and fixed rate loans or in any case hedged against significant increases in interest rates.

There can be no assurance that the hedging policy adopted by the Group, which is designed to minimise any losses connected to fluctuations in interest rates in the case of floating rate indebtedness by transforming them into fixed rate indebtedness, will actually have the effect of reducing any such losses. To the extent it does not, this may have an adverse effect on the Issuer's business, financial condition and results of operations.

Funding and liquidity risks

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements of the Group's companies are coordinated by the Group's central finance department in order to achieve consistency between financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Group's prescribed limits. The Group's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources. However, these measures may not be sufficient to protect the Group fully from such risk and, in addition to the impact of market conditions, the ability of the Group to obtain new sources of funding may be affected by contractual provisions of existing financings (such as change of control clauses, requiring the Group to remain under the control of local authorities, as well as clauses such as negative pledges that restrict the security that can be given to other lenders). If insufficient sources of financing are available in the future for any reason, the Group may be unable to meet its funding requirements, which could materially and adversely affect its financial condition and results of operations, and its ability to fulfil its obligations under the Notes.

Risk relating to the Notes

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls whereas, if the Market Interest Rate falls, its price typically increases, in each case until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may be redeemed for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

The exercise of a put option by Noteholders following a Change of Control may adversely affect the Issuer's financial position

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 7(c) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the change of control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "ICSDs"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

The Notes are unsecured

The Notes constitute unsecured obligations of the Issuer and, save as provided in Condition 4 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer.

Minimum denomination of the Notes

The Notes will be issued in denominations of €100,000 or higher integral multiples of €1,000, up to and including a maximum denomination of €199,000. Although Notes cannot be traded in amounts of less than their minimum denomination of €100,000, they may nonetheless be traded in amounts that will result in a Noteholder holding a principal amount of less than €100,000. Any such principal amount would not be tradeable while the Notes are in the form of a Global Note and, if definitive Notes were issued, such Noteholder would not receive a definitive Note in respect of its holding and, consequently, would need to purchase a principal amount of Notes so as to increase such holding to €100,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of:

- (i) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996; and
- (ii) withholding tax operated in certain EU Member States pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also "Taxation".

FATCA may affect payments made in respect of the Notes

Certain non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments made after 31 December 2016 pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"). Whilst the Notes are held through the ICSDs, in all but the most remote circumstances, it is not expected FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than an ICSD) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is

unable to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms or other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any local law intended to implement an inter-governmental agreement, if applicable) and provide each custodian or intermediary with any information, forms or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them.

The tax regime applicable to the Notes is subject to a listing requirement

No assurance can be given that the Notes will be listed or that, once listed, the listings will be maintained or that such listings will satisfy the listing requirement under Article 32(8) of Law Decree No. 83 of 22 June 2012 and Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and exemption from the requirement to apply withholding tax. The Italian tax authorities recently issued a circular relating to, *inter alia*, the listing requirement under the above-mentioned legislation. If the Notes are not listed or that listing requirement is not satisfied, the ability of the Issuer to deduct interest expense related to the Notes could be adversely affected. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax currently at a rate of 20 per cent. (increased to 26 per cent. with reference to any interest, premium and other income with respect to the Notes accrued as of 1 July 2014), and the Issuer would be required to pay additional amounts with respect to such withholding taxes such that Noteholders receive a net amount that is not less than the amount that they would have received in the absence of such withholding.

No assurance can be given that the Italian tax authorities will not interpret the applicable legislation to require that listing be effective at closing or that listing can be achieved by the Issue Date. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to holders of Notes could have a material adverse effect on the Issuer's financial condition and results of operations.

Change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 14(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and

manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances

As mentioned in “– *Change of law or administrative practice*” above, the provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As at the date of this Prospectus, the Issuer is an unlisted company but, if its shares are listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings will be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks.

There is no active trading market for the Notes and one cannot be assured

Application has been made to admit the Notes to the official list of the Irish Stock Exchange and for the Notes to be admitted to trading on its regulated market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made for the Notes to be listed on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market. See also “*The tax regime applicable to the Notes is subject to a listing requirement*” above.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see “*Subscription and Sale*”.

The Notes are not rated and credit ratings may not reflect all risks

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

- (i) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013; and
- (ii) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012;

in each case together with the accompanying notes and, where applicable, external auditors' report.

Access to documents

Each of the above documents have been previously filed with the Central Bank of Ireland and can be accessed on the following addresses on the Issuer's website:

- Annual Report as at 31 December 2013:
<http://www.gruppoveritas.it/sites/default/files/documenti/Veritas%202013%20consolidated%20balance%20sheet%20%20.pdf>
- Annual Report as at 31 December 2012:
<http://www.gruppoveritas.it/sites/default/files/documenti/Veritas%202012%20consolidated%20balance%20sheet%20.pdf>

In addition, the Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent.

Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Prospectus and is either not relevant or covered elsewhere in this Prospectus.

Document	Page number(s)
<i>Consolidated annual financial statements 2013</i>	
Consolidated statement of financial position	18 -19
Consolidated statement of comprehensive income	20
Consolidated statement of changes in shareholders' equity	21
Consolidated statement of cash flows	22 – 23
Notes to the consolidated financial statements	24 - 135
Report of the independent auditing firm	138 - 139

Document	Page number(s)
<i>Consolidated annual financial statements 2012</i>	
Consolidated statement of financial position	18 - 19
Consolidated statement of comprehensive income	20
Consolidated statement of changes in shareholders' equity	21
Consolidated statement of cash flows	22 - 23
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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €100,000,000 4.250 per cent. Notes due 2021 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith)) of Veritas S.p.A. (the "**Issuer**") are the subject of an agency agreement dated 14 November 2014 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer and BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Definitions and Interpretation

(a) Definitions

In these Conditions:

"**acting in concert**" means, in relation to two or more Persons, any event or circumstances whereby, pursuant to an agreement, arrangement or understanding (whether formal or informal), such Persons co-operate, through the acquisition or holding of voting rights exercisable at a shareholders' or equivalent meeting of the Issuer by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer;

"**Affiliate**" means, at any time, and with respect to any Person (the "**first Person**"), any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the first Person;

"**Business Day**" means:

- (i) for the purposes of Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*), a TARGET Settlement Day;
- (ii) for any other purpose:
 - (A) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;
 - (B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

"**Calculation Amount**" means €1,000 in principal amount of Notes;

"Certification Date" means a date falling not later than 30 days after the approval by the Issuer's Board of Directors (or equivalent body) of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Financial Period;

a **"Change of Control"** means any event or circumstance in which any Person or Persons (in each case, other than one or more Permitted Holders), acting in concert, together with any of their Affiliates, has or gains control of the Issuer;

"Change of Control Notice" means a notice from the Issuer to Noteholders describing the relevant Change of Control and indicating the start and end dates of the relevant Change of Control Notice Period and the Put Option Redemption Date;

"Change of Control Notice Period" means, in respect of any Change of Control, a period of 20 Business Days following the date on which the relevant Change of Control Notice is given to the Noteholders in accordance with Condition 16 (*Notices*);

"Compliance Certificate" means a certificate of the Issuer duly signed by two directors or by a director and the Chief Financial Officer of the Issuer, substantially in the form annexed to the Agency Agreement, confirming as at the Certification Date:

- (i) the number of shares held by Permitted Holders (as far as the Issuer is aware) and the percentage of the Issuer's share capital (excluding treasury shares) represented by such shares;
- (ii) which of the Subsidiaries of the Issuer are Material Subsidiaries;
- (iii) that its audited consolidated financial statements in respect of the last Financial Period give a true and fair view of the financial condition of the Group as at the end of the Financial Period to which those financial statements relate and of the results of its operations during such period;
- (iv) that it is in compliance with the covenants contained in Condition 5(a) (*Limitation on indebtedness*), setting out the amount of the Issuer's Net Financial Debt and Shareholders' Equity as at the Determination Date and its Consolidated EBITDA for the Financial Period; and
- (v) that there have been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Group's financial condition as at the Certification Date and its results of operations since the Determination Date;

"Consolidated EBITDA" means, in respect of any Financial Period, the consolidated operating profit of the Group before taxation (including the results from discounted operations), before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Financial Period and adding back non-operational provisioning (being, in the case of the Issuer's consolidated financial statements as at and for the year ended 31 December 2013, the item named "Provision for risks and charges" in note 39 (*Other operating charges*) to the consolidated income statement), depreciation and amortisation, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining net income as recorded in the consolidated income statement of the Issuer;

"control" means, for all purposes in connection with Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*):

- (i) in respect of a Person which is a company or a corporation:

- (A) the acquisition and/or holding of more than 50 per cent. of the share capital of such Person; or
- (B) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (1) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such Person; or
 - (2) appoint or remove all or a majority of the members of its Board of Directors (or other equivalent body) of such Person; or
 - (3) give directions with respect to the operating and financial policies of such Person with which all or a majority of the members of its Board of Directors (or other equivalent body) of such Person are obliged to comply; or
- (C) the ability to exercise dominant influence over such Person or a company controlling such Person, whether by reason of voting rights at a shareholders' or equivalent meeting or by virtue of contractual relationships; or
- (ii) in respect of any other Person (other than a company or a corporation), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting rights, by contract or otherwise,

and the expressions "**controlling**", "**controlled**" and "**controlled by**" shall be construed accordingly;

"**Day Count Fraction**" means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date;

"**Determination Date**" means the last day of the Issuer's financial year;

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement;

"**Financial Period**" means each period of 12 months ending on the Determination Date, the first such period being the 12-month period ending 31 December 2014;

"**Group**" means the Issuer and its Subsidiaries (taken as a whole);

"**Indebtedness**" means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised, including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having substantially the same commercial effect as borrowing;

"Interest Payment Date" means 14 May in each year;

"Intermediate Holding Company" means a Subsidiary of the Issuer which itself has Subsidiaries;

"Issue Date" means 14 November 2014;

"Material Subsidiary" means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for 5 per cent. or more of the Group's Consolidated EBITDA or consolidated total assets and, for these purposes:

- (i) the Group's Consolidated EBITDA or consolidated total assets will be determined by reference to its then latest audited consolidated annual financial statements (the **"Relevant Consolidated Financial Statements"**);
- (ii) the EBITDA or total assets of each Subsidiary of the Issuer will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the relevant consolidated financial statements of the Issuer have been based;

provided that: (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA or total assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited), consolidated if that Subsidiary itself has Subsidiaries; (B) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary; and (C) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA or total assets of, or represented by, any Person, business or assets subsequently acquired or disposed of;

"Net Financial Debt" means the sum of the following items, calculated on a consolidated basis:

- (i) total non-current financial liabilities; plus
- (ii) total current financial liabilities; plus
- (iii) total financial liabilities for leases; plus
- (iv) the amount (being the amount financed) under factoring or securitisation programmes over trade receivables on a *pro solvendo* (with recourse) basis; less
- (v) available cash (*disponibilità finanziarie*) and cash equivalents (where **"cash equivalents"** means cash at banks and all assets that can be liquidated within three months); less
- (vi) other financial assets represented by Italian government bonds and bonds with an investment grade rating,

in each case, as shown in, or determined by reference to, the Group's latest audited consolidated annual financial statements;

"Net Financial Debt-EBITDA Ratio" means the ratio of (i) Net Financial Debt as at the Determination Date to (ii) Consolidated EBITDA for the Financial Period;

"Net Financial Debt-Shareholders' Equity Ratio" means the ratio of (i) Net Financial Debt to (ii) Shareholders' Equity, in each case as at the Determination Date;

"Permitted Holders" means (a) the municipalities, provinces and consortiums incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000, as amended, that are shareholders of the Issuer as at the Issue Date; or (b) any Person directly or indirectly controlled by any of the foregoing;

"Permitted Reorganisation" means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent:

- (i) in the case of a Subsidiary, whereby the assets and undertaking of such Subsidiary are transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or
- (ii) on terms previously approved by an Extraordinary Resolution of Noteholders;

"Permitted Security Interest" means:

- (i) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary, provided that such Security Interest is not (and does not become capable of being) enforced;
- (ii) any Security Interest created by a Person which becomes a Material Subsidiary of the Issuer after the Issue Date, where such Security Interest already exists at the time that Person becomes a Material Subsidiary *provided that* (A) such Security Interest was not created in connection with or in contemplation of that Person becoming a Material Subsidiary of the Issuer, (B) neither the aggregate principal amount of Indebtedness secured by such Security Interest nor the value of the assets over which the Security Interest subsists is increased in connection with or in contemplation of that Person becoming a Material Subsidiary of the Issuer (other than by reason of general market trends beyond the control of the Issuer) or at any time thereafter;
- (iii) any Security Interest (a **"New Security Interest"**) created in substitution for any existing Security Interest permitted under paragraph (ii) above (an **"Existing Security Interest"**), *provided that* (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted;
- (iv) any Security Interest created to secure Project Finance Indebtedness; or
- (v) any Security Interest which is created in connection with, or pursuant to, a securitisation or like arrangement whereby (i) the payment obligations in respect of the Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including, without limitation, receivables) and (ii) the relevant creditor has no recourse in relation to such Indebtedness against any assets of any member of the Group;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Project" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in a company holding such asset or assets;

"Project Finance Indebtedness" means any present or future, secured or unsecured, Indebtedness incurred to finance or refinance a Project (including any bridge financing), whereby (A) the claims of the relevant creditor(s) against the borrower are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Project Finance Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest taken over the Project to secure the Project Finance Indebtedness and (B) the relevant creditor has no recourse whatsoever against any assets of any member of the Group other than the Project and the Security Interest taken over the Project to secure the Project Finance Indebtedness;

"Put Option Notice" means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 7(c) (*Redemption at the option of the Noteholders*);

"Put Option Receipt" means a receipt issued by a Paying Agent to a Noteholder depositing a Put Option Receipt, substantially in the form annexed to the Agency Agreement;

"Put Option Redemption Date" means, in respect of any Change of Control, the date specified in the relevant Change of Control Notice by the Issuer, being a date not earlier than five nor later than 10 Business Days after expiry of the Change of Control Notice Period;

"Rate of Interest" means 4.250 per cent. per annum;

"Relevant Date" means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 16 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

"Relevant Indebtedness" means any present or future Indebtedness which is in the form of, or represented by, any bond, note, debenture, certificate or other securities and which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange or any over-the-counter or other securities market;

"Reserved Matter" has the meaning given to it in the Agency Agreement and includes any proposal, as set out in Article 2415 of the Italian Civil Code, to modify the Terms and Conditions of the Notes (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes);

"Security Interest" means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any applicable jurisdiction;

"Shareholders' Equity" means the shareholders' equity of the Issuer, as shown in, or determined by reference to, the Group's latest audited consolidated annual financial statements, in each case less any dividends paid, declared or approved;

"Subsidiary" means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code;

"TARGET Settlement Day" means any day on which the TARGET System is open for the settlement of payments in euro; and

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (TARGET2).

(b) **Interpretation**

In these Conditions:

- (i) **"outstanding"** has the meaning given to it in the Agency Agreement;
- (ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 9 (*Taxation*); and
- (iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes.

2. Form, Denomination and Title

The Notes are in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. Status

The Notes and the Coupons constitute direct, general, unconditional and, subject to the provisions of Condition 4 (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

5. Covenants

(a) **Limitation on indebtedness**

So long as any Note remains outstanding, the Issuer shall ensure that:

- (i) its Net Financial Debt-to-Shareholders' Equity Ratio is no more than 2.0 to 1.0; and
- (ii) its Net Financial Debt-EBITDA Ratio is no more than 5.0 to 1.0.

(b) **Certification**

So long as any Note remains outstanding, the financial ratios set out in Condition 5(a) (*Limitation on Indebtedness*) shall be tested as at each Determination Date following approval by the Issuer's Board of Directors (or equivalent body) of the Group's consolidated annual financial statements, so that the financial ratios will be tested once in each financial year based on the previous Financial Period, as evidenced by the Compliance Certificate in relation to such Financial Period delivered pursuant to Condition 5(c) (*Delivery of financial information*) and for the first time in respect of the 12-month period ending 31 December 2014.

(c) **Delivery of financial information**

So long as any Note remains outstanding, the Issuer shall, no later than the Certification Date, deliver to the Fiscal Agent an electronic copy of the Group's audited consolidated annual financial statements translated into English. The Issuer shall ensure that each set of such financial statements is, without prejudice to Condition 5(d) (*Accounting policies*):

- (i) audited by independent auditors; and
- (ii) accompanied by a Compliance Certificate.

So long as any of the Notes remains outstanding, the Issuer shall make such audited financial statements and the accompanying Compliance Certificate for the relevant Financial Period available for inspection free of charge by any Noteholder or Couponholder at its own registered office and at the Specified Office of each Paying Agent, together with such description of changes and adjustments and such other information referred to in Condition 5(d) (*Accounting policies*) as may be necessary.

(d) **Accounting policies**

The Issuer shall ensure that each set of financial statements delivered pursuant to Condition 5(c) (*Delivery of financial information*) is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Group unless, in relation to any such set of financial statements, the Issuer provides the Fiscal Agent, for inspection by the Noteholders, with: (i) a description of any changes in accounting policies, practices and procedures; and (ii) sufficient information to make an accurate comparison between such financial statements and the previous financial statements.

6. Interest

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). The first Interest Payment Date will be 14 May 2015.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be: (i) on 14 May 2015, €21.19 per Calculation Amount; and (ii) on each subsequent Interest Payment Date, €42.50 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

7. Redemption and Purchase

(a) Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 14 May 2021, subject as provided in Condition 8 (*Payments*).

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

(c) Redemption at the option of Noteholders upon a Change of Control

In the event of a Change of Control, each Noteholder may, during the Change of Control Notice Period, serve a Put Option Notice upon the Issuer. The Issuer, will redeem in whole (but not in part) the Notes that are the subject of such Put Option Notice on the Put Option Redemption Date at their principal amount together with accrued interest from, and including, the preceding

Interest Payment Date (or the Issue Date, if applicable) to, but excluding, the Put Option Redemption Date.

Within five Business Days from occurrence of a Change of Control, a Change of Control Notice shall be given by the Issuer to Noteholders in accordance with Condition 16 (*Notices*). For so long as the Notes are listed on the regulated market of the Irish Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Irish Stock Exchange promptly of any such Change of Control, providing information equivalent to that required to be given in a Change of Control Notice under this Condition 7(c).

In order to exercise the option contained in this Condition 7(c), the holder of a Note must, on any Business Day during the Change of Control Notice Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(c), may be withdrawn, *provided, however, that* if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 7(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(d) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(a) (*Scheduled Redemption*) to (c) (*Redemption at the option of Noteholders upon a Change of Control*) above.

(e) ***Purchase***

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

(f) ***Cancellation***

All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. Payments

(a) ***Principal***

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) **Interest**

Payments of interest shall, subject to Condition 8(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8(a) (*Principal*) above.

(c) **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or any of its agents to the Noteholders or Couponholders in respect of such payments.

(d) **Deduction for unmatured Coupons**

If a Note is presented without all unmatured Coupons relating thereto, then:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment, *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment, *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment, *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) **Payments on business days**

If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. Taxation

(a) ***Gross-up***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva*, pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") and related implementing regulations, as amended, supplemented or re-enacted from time to time; or
- (iii) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income (as amended or supplemented from time to time) or any law, or any treaty or agreement between one or more taxing jurisdictions, implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (A) presenting the relevant Note or Coupon to another available Paying Agent in a Member State of the European Union or (B) making a declaration of non-residence or other similar claim for an exemption; or
- (v) in each case, in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (vi) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) ***Taxing jurisdiction***

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

10. Events of Default

If any of the following events occurs:

- (a) ***Non-payment:*** the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and in the case of interest such failure continues for a period of ten TARGET Settlement Days; or
- (b) ***Breach of other obligations:*** the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes under these Conditions (other than the payment obligations provided for under Condition 10(a)) and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer, has been delivered by or on behalf of any Noteholder to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) ***Cross-default of Issuer or Subsidiary:***
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of an actual or potential default (however described);
 - (iii) any Security Interest created or assumed by the Issuer or any of its Subsidiaries to secure Indebtedness is (or becomes capable of being) enforced; or
 - (iv) the Issuer or any of its Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i), (ii) and/or (iii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies); or
- (d) ***Unsatisfied judgment:*** one or more judgment(s) or order(s) for the payment of any amount in excess of €10,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) ***Security enforced:*** a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made and is not dismissed within 30 days) in respect of, all or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (f) ***Insolvency, etc:*** (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer or any of its Material Subsidiaries or the whole or any

substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries (or application for any such appointment is made and is not dismissed within 30 days), (iii) the Issuer or any of its Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer or any of its Material Subsidiaries declares or proposes a moratorium in respect of any of its Indebtedness or any guarantee and/or indemnity given by it in relation to any Indebtedness;

- (g) **Cessation of business:** the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation);
- (h) **Winding up, etc:** an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (i) **Analogous event:** any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) **Failure to take action etc:** any action, condition or thing (including, without limitation, the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence or order) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, perform and comply with its obligations under and in respect of the Notes and the Agency Agreement, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (k) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

11. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

12. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent, (b) for so long as the Notes are listed on the Irish Stock Exchange and it is a requirement of applicable laws and regulations, a paying agent in the Republic of Ireland (c) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC and (d) a paying agent in a jurisdiction within the European Union, other than the Republic of Italy or (if different) the jurisdiction to which the Issuer is subject for the purpose of Condition 9(b) (*Taxing jurisdiction*).

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. Meetings of Noteholders; Noteholders' Representative; Modification

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution of the Notes or any of the provisions of the Agency Agreement. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's By-laws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

Subject to the above:

- (i) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) such a meeting will be validly convened if:
 - (A) in the case of an initial meeting, there are one or more persons present being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes; or
 - (B) in the case of a meeting convened following adjournment of the initial meeting for want of quorum, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; and
- (iii) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:
 - (A) for voting on any matter other than a Reserved Matter: (1) in the case of an initial meeting, one or more persons holding or representing at least one half of the aggregate principal amount of the outstanding Notes; and (2) in the case of a meeting convened following adjournment of the initial meeting for want of quorum,

at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; or

- (B) for voting on a Reserved Matter, the higher of (1) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (2) one or more persons holding or representing not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting.

An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) **Noteholders' Representative**

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "**Noteholders' Representative**") is appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) **Modification**

The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. Notices

Notices to the Noteholders shall be valid if published in a reputable leading English language daily newspaper published in London with an international circulation and, for so long as the Notes are admitted to trading on the regulated market of the Irish Stock Exchange and it is a requirement of applicable laws and regulations, a leading newspaper having general circulation in the Republic of Ireland or on the website of the Irish Stock Exchange (www.ise.ie) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second**

currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. Governing Law and Jurisdiction

(a) Governing law

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 14 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

(b) Jurisdiction

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) Proceedings outside England

Condition 18(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

(d) Process agent

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London, EC2V 7EX, England or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the "**Global Notes**") which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

Initial form of Notes

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Eligibility of the Notes for Eurosystem monetary policy

The Notes will be issued in new global note form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

Exchange for Permanent Global Notes

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Tradeable amounts

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, up to and including €199,000.

Exchange for Definitive Notes

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and higher integral multiples of €1,000, up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated 14 November 2014 (the "**Deed of Covenant**"). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

Modifications to Terms and Conditions of the Notes

In addition, the Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Notes. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**Business Day**" means any day which is a TARGET Settlement Day.

Exercise of put option

In order to exercise the option contained in Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be

deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in the Republic of Ireland or published on the website of the Irish Stock Exchange (www.ise.ie).

DESCRIPTION OF THE ISSUER

Overview

Veritas S.p.A. (the "**Issuer**" or "**Veritas**") is a company limited by shares (*società per azioni*) incorporated under Italian law. Its registered office and principal place of business is at Santa Croce 489, Venice, Italy. It is registered with the Companies' Register of Venice with Fiscal Code and VAT number 033441820276 and its telephone number is +39 041 729 1111.

The Issuer in its current form came into being on 1 July 2007 as a result of the merger by way of incorporation into VERITAS Veneziana Energia Risorse Idriche Territorio Ambiente Servizi - S.p.A. of the following three companies:

- VESTA - Venezia Servizi Territoriali Ambientali S.p.A.;
- ACM – Azienda Consorzio del Mirese S.p.A of Dolo (VE); and
- ASP – Azienda Servizi Pubblici S.p.A. of Chioggia (VE),

and the subsequent acquisition on 1 January 2008 of the water business of SPIM Servizi Pubblici Integrati Mogliano S.p.A of Mogliano Veneto (TV).

The Issuer is the parent company of the group consisting of the Issuer and its consolidated subsidiaries (the "**Group**" or the "**Veritas Group**") and provides integrated multi-utility services, operating in the Provinces of Venice and Treviso in the north-east of Italy. The Group's main businesses are the water and waste management sector, although it also provides other miscellaneous public services. The businesses of the Issuer and its Group are for the most part carried on through concessions awarded by local authorities and, as such, the Veritas Group has no significant competitors in the specific business areas in which it operates.

Selected Financial Information

The following tables show selected line items from the Issuer's results of operations on a non-consolidated and consolidated basis for the years ended 31 December 2013 and 2012.

	For the year ended 31 December 2013				Percentage standalone / consolidated
	Veritas ⁽¹⁾ Italian GAAP	Aggregate of subsidiaries	Netting & adjustments to IFRS ⁽³⁾	Total consolidated IFRS	
		(in thousands of euro)			(%)
Total revenue and income ⁽²⁾	304,944	130,839	-98,773	337,010	90.5%
Total operating expense including provisions ⁽³⁾	-267,328	-117,246	95,849	-288,725	92.6%
Gross operating profit - EBITDA	37,616	13,593	-2,924	48,285	77.9%
Amortisation /depreciation net of public contribution ⁽²⁾	-19,223	-8,889	-0,913	-29,025	66.2%
Operating profit - EBIT	18,393	4,704	-3,837	19,260	95.5%

⁽¹⁾ Figures on a standalone basis.

⁽²⁾ Not including income for public contribution, that nets depreciation for consistency with the consolidated data.

⁽³⁾ Provisions are included in operating expenses for consistency with the consolidated data.

	For the year ended 31 December 2012				Percentage standalone / consolidated
	<i>Veritas</i> ⁽¹⁾	<i>Aggregate of subsidiaries</i>	<i>Netting & adjustments to IFRS</i> ⁽³⁾	<i>Total consolidated</i>	
	<i>Italian GAAP</i>			<i>IFRS</i>	
	<i>(in thousands of euro)</i>				<i>(%)</i>
Total revenue and income ⁽²⁾	303,168	121,643	-88,303	336,509	90.1%
Total operating expense including provisions ⁽³⁾	-272,127	-109,525	95,584	-286,067	95.1%
Gross operating profit - EBITDA	31,041	12,119	7,282	50,442	61.5%
Amortisation /depreciation net of public contribution ⁽²⁾	-19,802	-8,363	-1,621	-29,786	66.5%
Operating profit - EBIT	11,239	3,756	5,661	20,655	54.4%

(1) Figures on a standalone basis.

(2) Not including income for public contribution, that nets depreciation for consistency with the consolidated data.

(3) Provisions are included in operating expenses for consistency with the consolidated data.

Group Structure

The table below shows the subsidiaries of the Issuer in which it has a controlling interest (*società controllate*) as stated in its consolidated annual financial statements as at 31 December 2013.

Subsidiaries (<i>società controllate</i>)	Percentage of share capital held by the Issuer	Material Subsidiary⁽¹⁾
Azienda Litoranea Servizi Ambientali S.p.A. - Alisea S.p.A.	74.84	Yes
Consorzio per la Bonifica e la Riconversione Produttiva Fusina	65.05	-
Data Rec S.r.l.	99.75	-
Ecoprogetto Venezia S.r.l.	83.71	Yes
Eco-Ricicli Veritas S.r.l.	77.40	Yes
Elios S.r.l.	100.00	-
Mobili e Immobili Veneziani S.r.l. - M.I.V.E. S.r.l.	100.00	-
Sifagest S.c.a r.l.	64.40	-
Venezia Impianti Energie Rinnovabili S.r.l. - VIER S.r.l.	100.00	-
Veneziana di Navigazione S.p.A.	100.00	-
Consolidated companies pursuant to IFRS 5		
Ecopiave S.r.l.	78.53	-
Jointly controlled companies		
A.S.V.O. - Ambiente Servizi Venezia Orientale S.p.A.	50.70 ⁽²⁾	Yes
Jointly controlled companies pursuant to IFRS 5		
Veritas Energia S.r.l.	49.00	-

(1) As defined in the Conditions and as calculated by reference to the audited annual financial statements of the relevant subsidiary and the audited consolidated annual financial statements of the Group, in each case as at and for the year ended 31 December 2013.

(2) Based on corporate governance provisions, Veritas has joint control over Asvo. As regards the IFRS standards, used for the preparation of the consolidated financial statements of the Group, the equity investment in question is deemed as a joint venture and measured at equity.

Material Subsidiaries

The subsidiaries which are "Material Subsidiaries" for the purposes of the Conditions of the Notes are described briefly below.

Ecoprogetto Venezia S.r.l. ("Ecoprogetto")

The company purpose is the operation of plants for the treatment of municipal waste and similar. Ecoprogetto operates a plant located in the industrial district of Fusina (Venice), which produces refuse-derived fuel (RDF) and provides logistic services for the collection and sorting of waste.

The following table shows selected line items from Ecoprogetto's results of operations on a non-consolidated basis for the years ended 31 December 2013 and 2012.

Key financial figures (Italian GAAP)	For the year ended	
	31 December	
	2013	2012
	<i>(thousands of euro)</i>	
Revenues and income	42,469	39,739
Operating expenses	-35,038	-32,408
Gross operating profit- EBITDA	7,431	7,331
Amortization/depreciation	-5,839	-5,573
Operating profit – EBIT	1,592	-1,759

Eco-Ricicli Veritas S.r.l. ("Eco-Ricicli")

The company purpose is the separate collection, selection and marketing of glass, ferrous and non-ferrous metals, plastic and other recyclable materials. Eco-Ricicli operates a plant located in the industrial district of Fusina (Venice), which treats recycled materials.

The following table shows selected line items from Eco-Ricicli's results of operations on a non-consolidated basis for the years ended 31 December 2013 and 2012.

Key financial figures (Italian GAAP)	For the year ended	
	31 December	
	2013	2012
	<i>(thousands of euro)</i>	
Revenues and income	34,473	28,048
Operating expenses	-31,866	-25,693
Gross operating profit- EBITDA	2,607	2,355
Amortization/depreciation	-1,042	-0,966
Operating profit – EBIT	1,565	1,389

Alisea S.p.A. ("Alisea")

The company purpose is the provision of integrated environmental hygiene services for certain of its shareholder municipalities, including the collection of municipal waste, the provision of street-cleaning services, the management of the refuse tax (*Tares*) and the operation of a municipal waste landfill. The system of waste collection varies according to the different needs of the municipalities and to take into account seasonal changes due to tourism. Alisea also owns and manages an active landfill site in Piave Nuovo in Jesolo.

The following table shows selected line items from Alisea's results of operations on a non-consolidated basis for the years ended 31 December 2013 and 2012.

Key financial figures (Italian GAAP)	For the year ended	
	31 December	
	2013	2012
	<i>(thousands of euro)</i>	
Revenues and income	19,251	21,076
Operating expenses	-17,794	-20,064
Gross operating profit- EBITDA	1,457	1,012
Amortization/depreciation	-0,859	-0,782
Operating profit – EBIT	0,598	0,230

Asvo S.p.A. ("**Asvo**")

The company purpose is the provision of integrated environmental hygiene services for certain shareholder municipalities in the eastern part of the Province of Venice. The system of waste collection varies according to the different needs of the municipalities and to take into account seasonal changes due to tourism. Asvo owns a landfill in Centa which is no longer active.

The following table shows selected line items from Asvo's results of operations on a non-consolidated basis for the years ended 31 December 2013 and 2012.

Key financial figures (Italian GAAP)	For the year ended	
	31 December	
	2013	2012
	<i>(thousands of euro)</i>	
Revenues and income	21,819	22,104
Operating expenses	-19,188	-19,692
Gross operating profit- EBITDA	2,631	2,411
Amortization/depreciation	-1,343	-1,238
Operating profit – EBIT	1,288	1,173

Business of the Group

The Group's activities are divided into the following three business units:

- waste management, comprising waste collection and disposal ("**Waste Management**");
- water cycle, i.e. the supply and distribution of water, water treatment and sewerage ("**Water Cycle**"); and
- other services, covering miscellaneous services such as cemetery and energy services ("**Other Services**").

Each of those businesses are carried on both directly by Veritas and by certain of its subsidiaries. In addition, as parent company, the Issuer is responsible for establishing strategic guidelines and management policies for the Group as a whole, allocating resources and coordinating its subsidiaries. The Issuer's management believes that the complementary nature of the businesses makes it possible for the Group to achieve cost synergies and efficiencies and also to cross-sell utility services to its customers.

The following diagram shows the business segments of the Group in which the Issuer and certain of its subsidiaries (including the Material Subsidiaries) operate.



The following tables show a breakdown by business segment of selected line items from the Issuer's results of operations on a non-consolidated basis for the years ended 31 December 2013 and 2012.

Results by business segment

Italian GAAP figures

	For the year ended 31 December 2013					
	Water	Waste	Other Services	Total (Operational)	Corporate ⁽¹⁾	Total (Company)
<i>(in thousands of Euro)</i>						
Total revenue and income ⁽²⁾	113,886	164,341	16,173	294,400	10,544	304,944
Total operating expense including provisions ⁽³⁾	-70,827	-134,208	-17,061	-222,096	-45,232	-267,328
Gross operating profit - EBITDA	43,059	30,133	-0,888	72,304	-34,688	37,616
Amortisation /depreciation net of public contribution ⁽²⁾	-7,903	-4,494	-0,705	-13,102	-6,121	-19,223
Operating profit - EBIT	35,156	25,639	-1,593	59,202	-40,809	18,393

⁽¹⁾ Consisting of general administrative and management activities.

⁽²⁾ Not including income for public contribution, that nets depreciation for consistency with the consolidated data.

⁽³⁾ Provisions are included in operating expenses for consistency with the consolidated data. Provisions for doubtful accounts are included in "Corporate".

Results by business segment

Italian GAAP figures	For the year ended 31 December 2012					
	Water	Waste	Other Services (in thousands of Euro)	Total (Operational)	Corporate ⁽¹⁾	Total (Company)
Total revenue and income ⁽²⁾	112,542	169,607	19,651	301,800	7,029	308,829
Total operating expense including provisions ⁽³⁾	-72,017	-139,224	-18,456	-229,697	-48,091	-277,788
Gross operating profit - EBITDA	40,525	30,383	1,195	72,103	-41,062	31,041
Amortisation /depreciation net of public contribution ⁽²⁾	-8,723	-4,608	-0,428	-13,759	-6,043	-19,802
Operating profit - EBIT	31,802	25,775	0,767	58,344	-47,105	11,239

⁽¹⁾ Consisting of general administrative and management activities.

⁽²⁾ Not including income for public contribution, that nets depreciation for consistency with the consolidated data.

⁽³⁾ Provisions are included in operating expenses for consistency with the consolidated data. Provisions for doubtful accounts are included in "Corporate".

The most important businesses for the Issuer, in terms of revenues are Waste Management (accounting for Euro 164.3 million in revenues in 2013 and Euro 169.6 million in 2012) and Water Cycle (representing Euro 113.9 million in 2013 and Euro 112.5 million in 2012). The Other Services business segment is significantly smaller, with revenues of Euro 16.2 million in 2013 and Euro 19.6 million in 2012).

The following table shows the Issuer's total revenues and income broken down according to each business line for the years ended 31 December 2013 and 2012, both on a non-consolidated and on a consolidated basis.

Veritas Group - Revenue and income by business segment

IFRS figures	For the year ended 31 December	
	2013	2012
	(thousands of euro)	
Water	101,317	99,065
Waste	210,411	211,754
Other Services	19,268	20,056
Total (operational)	330,995	330,875
Corporate	6,015	5,633
Total (Group)	337,010	336,509

Waste Management

The Waste Management business segment represented 41.7 per cent. of the Issuer's operational EBITDA for the year ended 31 December 2013 and 42.1 per cent. for the year ended 31 December 2012. The Issuer's activities in this segment can be summarised as follows:

- collection of urban waste;
- treatment of urban and non-hazardous special waste; and
- operation of disposal and recycling plants.

The Veritas Group is the sole operator in the urban waste sector in the geographical area in which it operates being the Province (*provincia*) of Venice.

The principal subsidiaries of the Issuer involved in the waste business are:

- Eco-Ricicli , active in the collection and sale of reusable materials;
- Ecoprogetto, which operates waste treatment plants;
- Ecopiave S.r.l., involved in the recovery and treatment of glass;
- Alisea , carrying out the collection of urban waste and urban cleaning;
- Asvo, performing integrated environmental hygiene services; and
- Veneziana di Navigazione S.p.A., which transports waste by water in Venice's port and lagoon.

The principal source of revenues for the Group's waste business are refuse taxes (*Tares*) (either paid direct to the Group by residents or indirectly via the Group's shareholder municipalities) and fees for waste-related services (collection, treatment and disposal) rendered to third party customers. Further revenues come from the sale proceeds of recycled materials collected by the Group and the purchase of RDF.

Collection

The Veritas Group provides urban waste collection and cleaning activities in the Province of Venice to approximately 750,000 residents (and approximately 23,000,000 visitors) in 44 municipalities (*comuni*). In 2013, Veritas collected 403,521 tons of waste, of which 58.34 per cent. was sorted for recycling (*raccolta differenziata*). Recycling rates among the different municipalities (*comuni*) vary greatly due to many factors, including the length of time recycling schemes have been in place and geographical considerations. The Group does not handle hazardous waste deriving from industrial activities.

Collecting waste in the unique geography of the city of Venice presents some particular challenges which are met by specially designed plant and equipment and specially trained personnel. For example, as no motorised vehicles are permitted in much of the city, refuse collectors and street cleaners travel by foot and transport rubbish in handcarts. The refuse is then transported by water along the canals to the treatment plant. Waste is loaded into specially designed barges which are designed to pass below the city's many bridges and contain a removable section which is lifted by crane directly from the barge and emptied once the barge reaches the treatment plant.

Treatment

Through the treatment of waste and recovery of materials, Veritas is able to recycle a significant proportion of the waste collected by the Group and other operators. Through Eco-Ricicli, the Group carries out the collection, selection and optimisation of materials derived from waste collection for recycling, with the aim of producing materials (glass, plastics, metals, paper / cardboard) in a form which can re-enter the production cycle and be sold to generate revenue. The purchasers of the materials are either trade consortia, such as CONAI (*Consorzio Nazionale Imballaggi* or the National Packaging Consortium) and COREVE (*Consorzio Recupero Vetro* or the Glass Recycling Consortium) or from private purchasers of industrial materials, such as the glass manufacturers Saint-Gobain and Owens Illinois. The Issuer selects purchasers of its recycled materials with a view to maximising revenues for the Group.

The Veritas Group has two plants, both located in the industrial district of Fusina in the Marghera. They cover the entire value chain of the waste treatment and disposal business. This location assists logistics due to its proximity to industry including Enel to whom it sells refuse-derived fuel (RDF). One

plant (managed by Ecoprogetto) produces RDF and the other (managed by Eco-Ricicli) treats recycled materials.

Disposal

The Group manages a municipal landfill site in Piave Nuovo in Jesolo and also owns another in Centa which is no longer operational. It manages waste collected by the Group and other operators. In accordance with the Issuer's strategy of continuing to reduce the impact of its operations on the environment, in early 2014 it closed its incinerator. Instead, Ecoprogetto's plant converts the majority of the non-recyclable waste into RDF, which is sold for use at the Enel power plant with the remainder going to power plants and cement factories in Italy and abroad. Municipal and other waste delivered by Veritas to Ecoprogetto is almost entirely recovered, with only about 3 per cent. by weight being sent at the end of the manufacturing processes to landfill.

Most of the plants owned by the Veritas Group have ISO 14000 (Environmental management) or ISO 9000 (Quality management) certification.

Water Cycle

The Water Cycle business segment represented 59.6 per cent. of the Issuer's EBITDA for the year ended 31 December 2013 and 56.2 per cent. in 2012. The Issuer's activities in the integrated water sector is divided into three sub-segments:

- fresh water sourcing;
- treatment and distribution; and
- sewage services and waste water collection and treatment.

In Italy, these activities are fully regulated and managed by local operators on the basis of concessions with an average duration of 20 years. Pursuant to Article 21 of Law Decree No. 201 of 6 December 2011, the former national agency for regulating and supervising water matters was abolished and its functions are now performed by the *Autorità per l'Energia Elettrica, il Gas e il Sistema Idrico* (the Authority for Electrical Energy, Gas and the Water Supply or the "AEEGSI") and the Ministry for the Environment. Following this change, the tariffs payable by customers in the water sector (as proposed by the competent district authorities within each district) must be approved by the AEEGSI. In 2013, the AEEGSI adopted a resolution introducing a new tariff method. See the section "Regulation" below.

The geographical area in which the Issuer operates its Water Cycle business is *the Bacino Laguna di Venezia* (Venice Lagoon Administrative Area) which comprises the majority of the municipalities of the Province of Venice plus a smaller number in the Province of Treviso. Until 2013, Veritas was the sole operator in integrated water services in this area. Currently there is one other much smaller operator, ASI S.p.A., as a consequence of the *Bacino* being extended in 2013 to include certain new municipalities to which ASI S.p.A. already provided integrated water services.

The principal subsidiary of the Issuer involved in the integrated water business is Sifagest S.c.a r.l. In addition, the Issuer has a minority shareholding in SIFA S.c.p.A., a project company which owns and operates a water treatment plant under a concession granted by the Region of Venice. See "Risk Factors – Risks relating to SIFA S.c.p.A."

Fresh water services

In 2013, the Veritas Group supplied approximately 67.5 million cubic metres of water for industrial and civil (i.e. household and retail) use to its distribution network. The Veritas Group's fresh water services consist of the extraction of fresh water from its source, its preparation for human consumption and

then its distribution and sale directly to retail users or resellers. The Group draws water supplies principally from underground water, which is extracted from aquifers through the use of wells (about 90 million cubic metres) and surface water which is extracted from rivers (about 8.5 million cubic metres of surface water is taken from the Sile and Adige rivers). The Veritas Group's water distribution network is approximately 4,121 kilometres in length and serves approximately 653,000 inhabitants, a number that increases considerably in the tourist areas during the summer period.

Treatment

Water is treated before distribution to customers to reduce or eliminate compounds and substances in excess of the limits permitted under applicable law and water drawn for drinking purposes is disinfected before it is supplied to the network to eliminate viruses and bacteria. Ground or river water is transformed into drinking water in the plants at Ca' Solaro (Favaro Veneto-Venezia) and Cavanella d'Adige (Chioggia). In 2013, 14,700 samples of water were collected and analysed using approximately 117,000 parameters (including chemical, physical and micro-biological indicators).

Mains distribution system

The Veritas Group's water main system covers a network of over 4,100 kilometres of pipelines. The water mains provide mostly ground water taken from 51 wells that are located in the aquifer fields in the Provinces of Treviso, Padua and Venice, producing about 90 million cubic metres of water per year (representing 90 per cent. of output). As at 31 December 2013, the Veritas Group managed more than 46 kilometres of pipeline, mostly for civil rather than industrial use. The distribution network supplies drinking water in the cities of Venice and Mestre, and the islands of Lido, Pellestrina and Burano in the municipality of Cavallino.

The Veritas Group's water distribution system is a complex network of several inter-connected networks and plants, which are connected to various supply sources in order to ensure a continuous supply even if a particular water source or plant is affected by a temporary interruption or shutdown. The Veritas Group also stores extracted and treated water in tanks to back-up its distribution system during peak consumption hours or power blackouts and to serve as water reserves.

Monitoring distribution network

Veritas regularly monitors its distribution network, both electronically and through periodic inspections and preventative tests of the Veritas Group's plants, as well as through the performance of tests on the network's operating pressure, capacity and losses (i.e. leaks). In 2013, the Veritas Group's network losses, on average, were approximately 30 per cent. of water introduced into the system for that year, as compared to national average network losses of 40 per cent. (Source: *Comitato di Vigilanza sulle Risorse Idriche, Rapporto sullo stato dei Servizi Idrici 2013*).

Waste water services

Until 2013, the Veritas Group was the sole operator in the sector of urban waste water in the administrative area (the *Bacino*) in which it operates comprising the majority of the municipalities of the Province of Venice plus a smaller number in the Province of Treviso, altogether serving 664,327 inhabitants.

Waste water can be classified as follows:

- domestic or non-industrial waste water produced by households and small offices and containing both organic substances and substances derived from products used for domestic cleaning and personal hygiene (sometimes referred to as black waste water);
- industrial waste water, released during production processes and typically containing a high concentration of pollutants; and

- meteoric waste water produced by climatic conditions (i.e. rainwater, floods etc.) collected from road drains and gutters (sometimes referred to as white waste water).

The Veritas Group does not manage special or dangerous wastewater deriving from industrial activities.

Included in the plant structure utilised for its integrated water service is the sewage network that extends over approximately 1,270 kilometres for mixed sewage (a combination of black and white waste water) and approximately 1,480 kilometres for black waste water only, together conveying approximately 76.7 million cubic metres to 9 sewage treatment plants managed by Veritas.

Maintenance of sewage network

Sewage systems require regular ordinary maintenance operations, such as monitoring the efficiency of the elevation plants, removing sediments and obstacles that may obstruct water flows and maintaining public manholes. Extraordinary maintenance operations include renovation, restructuring or repairs to improve operating conditions, hydraulic efficiency and the infrastructural safety of the network. The Veritas Group employs specialised internal maintenance teams for programmed and emergency operations and outsources some of the major infrastructural maintenance works. All such operations are controlled by a single remote control centre, which was designed and developed by Veritas.

Treatment

The Veritas Group's integrated water cycle is completed by water treatment services operations. The Veritas Group treats domestic, industrial and meteoric waste water from approximately 25 municipalities in the areas of Venice, Treviso and Padua. In 2013, 76,724,684 cubic metres of waste water were treated by the Veritas Group and 369,522 cubic metres of wastewater were produced for reuse.

Maintenance of waste water plants

The Veritas Group is responsible for the ordinary and extraordinary maintenance of the waste water treatment plants. The Veritas Group monitors its most important plants 24 hours a day with the assistance during business hours by a more specialised staff. Other plants are monitored through regular visits, third party services for maintenance and inspections and a remote control system, which is used to monitor the operational efficiency and status of all its plants. The Veritas Group conducts quality, environment and product quality control on fresh water, treated water and residual waste water. The Veritas Group monitors and tests the chemical, physical and microbiological characteristics of its fresh water to ensure environmental compliance with current standards.

Other Services

In addition to the areas of activities that constitute the two core businesses of Waste Management and Water Cycle, Veritas provides the following services that make up its Other Services business segment, principally to its shareholders:

- *Parks and greenery*: the Group maintains the green areas in the municipality of Venice comprising 2.75 square kilometres of parkland, 493 playgrounds and over 46,000 trees;
- *Cemetery services*: the Group operates 16 cemeteries in Venice;
- *Public toilets*: the Group is responsible for the management and maintenance of sixteen fixed public conveniences in the towns of Venice and Cavallino Treporti, as well as rental and sale of mobile toilets. The service is now in the process of being liberalised;

- *Pedestrian routes in the event of high tide:* the Group provides approximately 5km of pedestrian paths in the case of high tide, in accordance with the traffic plan prepared by the City of Venice;
- *Urban markets:* Veritas has considerable expertise in the administrative management of fruit and vegetable and fish wholesale markets in the city of Venice. The Group is, however, considering whether to put this activity out to tender.

The Other Services business segment represented 1.2 per cent. of Veritas' operational EBITDA for the year ended 31 December 2013 and 1.7 per cent. in 2012.

Strategy

The primary business goals of Veritas include:

- efficient disposal of waste in accordance with the best available technological solutions;
- protection of sources of water supply and water resource-saving policies;
- development and renewal of water distribution networks; and
- completion and management of sewerage and sewage treatment plants aimed at compliance with local and national regulations and protection of the lagoon of Venice.

The strategies implemented to achieve these long-term goals consist mainly of:

- continuous streamlining of services and products provided and development of organisational models to achieve efficiency while providing protection for the environment and the Group's employees;
- development of waste treatment and recycling of materials from waste collection;
- optimisation and reduction of energy consumption, as well as the research of supply from renewable sources;
- improvement of the working environment and reduction of risks to operators, training and development of skills and abilities in the workplace;
- increasing the competence of personnel through training, information and training; and
- increasing the degree of satisfaction of users and their empowerment in terms of resource use and environmental services.

In pursuit of its business objectives, thanks to the rationalisations achieved by economies of scale, the Veritas Group has:

- implemented a policy of standardisation of costs aimed at improving the management of water and environmental issues in the districts (*ambiti*) in which it operates by law; and
- developed a number of strategic investments through partnerships, joint ventures, and other forms of cooperation and development, including outside the geographical area in which it operates its core business.

The Group's strategy is mainly focussed on the integrated water service and the treatment and recovery of waste materials, while continuing other activities historically carried out by the Group and certain specific businesses in the field of non-hazardous special waste. Management does not envisage any major changes to its business in the near future, partly due to the lack of significant competition and partly because of the particular nature of the services it provides.

Capital Investments

The following table provides a breakdown of capital investments of Veritas and the main subsidiaries of the Group in 2013 and 2012:

Capex 2013

	Veritas	Ecoprogetto	Eco-Ricicli	Alisea	Asvo ⁽¹⁾	Total consolidated IFRS
	<i>Italian GAAP⁽²⁾</i>					
	<i>(in Euro)</i>					
Integrated water services	13,772,288	-	-	-	-	
Waste management	6,032,471	1,209,570	4,291,793	781,232	453,213	
Other sectors	1,110,002	-	-	-	-	
Corporate	11,049,842	-	-	-	-	
Total	31,964,603	1,209,570	4,291,793	781,232	453,213	42,194,000

⁽¹⁾ Asvo is included in consolidated data only under equity method.

⁽²⁾ Figures for each Group company shown on a standalone basis.

Capex 2012

	Veritas	Ecoprogetto	Eco-Ricicli	Alisea	Asvo ⁽¹⁾	Total consolidated IFRS
	<i>Italian GAAP⁽²⁾</i>					
	<i>(in Euro)</i>					
Integrated water services	12,654,758	-	-	-	-	
Waste management	5,801,959	1,015,312	1,732,087	1,270,825	811,485	
Other sectors	313,185	-	-	-	-	
Corporate	4,179,674	-	-	-	-	
Total	22,949,576	1,015,312	1,732,087	1,270,825	811,485	30,538,000

⁽¹⁾ Asvo is included in consolidated data only under equity method.

⁽²⁾ Figures for each Group company shown on a standalone basis.

Financing

Loan facilities

Veritas is currently the major obligor under the Group's term and credit facilities amounting to a total of Euro 159.7 million as at 31 December 2013, as detailed below. The following table shows the Group's principal long-term lending facilities as at 31 December 2013 and 30 June 2014.

Lender	Maturity date	Amount outstanding as at		Obligor
		31 December 2013	30 June 2014	
		<i>(amounts in Euro)</i>		
Banca Carige	31/12/2015	5,157,722	4,407,722	Veritas
UniCredit	31/08/2016	9,705,882	7,941,176	Veritas
Banca Popolare di Vicenza	30/09/2017	3,893,198	3,425,555	Veritas
Veneto Banca	30/11/2017	4,101,661	3,634,628	Veritas
BNL-BNP Paribas (ex BNL)	31/12/2017	17,250,000	16,250,000	Veritas
Banca Friuladria	30/01/2018	4,000,000	3,768,301	Veritas
UniCredit	28/02/2018	14,166,667	12,500,000	Veritas
Banca Popolare di Milano	30/06/2018	0	4,000,000	Veritas
Intesa Sanpaolo	31/12/2018	3,909,743	3,531,338	Veritas

Lender	Maturity date	Amount outstanding as at		Obligor
		31 December 2013	30 June 2014	
		(amounts in Euro)		
Intesa Sanpaolo (ex Carive)	30/06/2020	7,500,000	7,000,000	Alisea
BNL-BNP Paribas	31/12/2020	15,310,750	21,333,333	Ecoprogetto
Monte dei Paschi di Siena (ex Antoniana)	01/07/2022	6,411,074	6,108,309	Veritas
Banca Mediocredito del Friuli Venezia Giulia	30/06/2024	16,430,330	15,857,375	Veritas
Dexia Crediop	31/12/2025	20,660,148	19,907,513	Veritas
Others (in aggregate) ^(*)	2014 - 2026	31,175,815	28,319,519	Others
Total		159,672,990	157,984,769	

^(*) A total of 30 facilities, each amounting to less than €3 million.

Debt securities

As at the date of this Prospectus, Veritas has not previously issued any debt securities.

Guarantees

Veritas Group has issued guarantees and/or has procured the issue of guarantees by third parties relating to:

- guarantees for Group commitments in the sum of approximately €26,567,000 (of which approximately €18,046,000 are given by Veritas) issued in favour of municipalities and national/local authorities in relation to industrial and market activities, waste collection and landfill sites post-closure;
- guarantees for Group commitments in the sum of approximately €71,260,000 (of which approximately €70,970,000 are given by Veritas) issued in favour of banks and financial entities in order to guarantee credit facilities granted to subsidiaries and associates; and
- comfort letters for Group commitments in the sum of approximately €15,800,000 (all given by Veritas) issued in favour of banks and financial entities in order to guarantee credit facilities granted to subsidiaries and associates.

Regulatory Framework

Most of the Group's operations are within heavily regulated sectors. The legislative and regulatory environment within which the Group operates is summarised in the section entitled "*Regulation*".

Concessions

The Group operates through concessions in the following regulated sectors:

- integrated water services which include the provision of fresh water services, sewage services and waste water treatment services;
- waste management services which include the collection, management and transport of urban waste and the recovery of such waste.

Veritas and certain of its subsidiaries carry out those activities by means of "in-house" direct concessions as described below.

The laws and regulations surrounding the allocation of public services are complex and have recently been subject to a number of changes and reforms. See the section entitled "*Regulation*" for further information. As a general rule, public services must be supplied to companies through a tender process but, by way of exception, local public entities can award direct concessions of local public

services, without a public bidding procedure to certain companies, referred to as "in-house" companies provided they meet the following requirements:

- the shares of the company must be wholly owned by public entities;
- the sole purpose of the company must be the supply of local public services to public entity shareholders; and
- the awarding public entity (i.e. the municipality) must exert over the concession holder (i.e. the Issuer, Asvo and/or Alisea) the same level of control (*controllo analogo*) that it exerts over its "in-house" offices and departments.

The first two conditions are easily satisfied by Veritas whereas, with regard to the third condition, Veritas' corporate governance structure has been designed specifically in order to meet this requirement. A series of court decisions has clarified that the level of control required includes the power to exercise a decisive influence over the strategic plans and decisions of the concession holder by means of supervisory bodies constituted by the awarding public entity or entities. The Issuer's by-laws provide for a committee, the so-called *Comitato di coordinamento e controllo* (Committee of Supervision and Coordination), composed of legal representatives of each of the Issuer's shareholders allowing them to exercise joint control over the concession holder. The scope of the above-mentioned committee as well as duties and rights for each shareholder are contained in a shareholder agreement (the "**Shareholders' Agreement**") signed in June 2008 which expires in December 2050, in compliance with Article 30 of Legislative Decree No. 267/2000.

Pursuant to the Shareholders' Agreement, the Issuer's shareholders acknowledge the "in-house" direct concessions of local public services granted to the Veritas Group and agree to coordinate their conduct in order to ensure compliance with the "in-house" requirement. In addition, the Issuer's shareholders undertake, both under the Shareholders' Agreement and in accordance with the Issuer's by-laws: (i) to ensure that the Issuer's shares are wholly owned by public entities; (ii) to grant to the Issuer the concession to carry out the local public services performed by the Issuer in favour of its shareholders; (iii) to adopt a committee resolution prior to each shareholders' meeting, and at least every six months, aimed at achieving unanimous approval with respect to any item on the shareholders' meeting agenda.

Moreover, pursuant to the Shareholders' Agreement, the Committee of Supervision and Coordination is entrusted with general control over the implementation of any strategic, economic and financial plans by the Issuer and the pursuit of its corporate purpose.

Local public services

Pursuant to Decree No. 179/2012, local public services must be assigned on a uniform basis across each territory. Pursuant to Legislative Decree No. 152 of 3 April 2006, the Veneto region identified the "Optimal Territorial Districts" ("*Ambiti Territoriali Ottimali*" or "ATOs"), within which the integrated water services are to be managed. ATOs were previously managed by *Autorità d'Ambito Territoriale Ottimale* (or "AATOs") but they were abolished in December 2012. Since then, regional bodies have been required to re-assign, by means of specific laws, the roles previously performed by the AATOs, in accordance with, among other things, European principles on public tender procedures and principles concerning "in-house" granting of concessions.

Integrated water services

Pursuant to Veneto Regional Law No. 17 of 27 April 2012 and in accordance with Italian national legislation, the responsibilities previously given to AATOs have been assigned to new entities called "*Consigli di Bacino*". These involve the following powers: 1) approval of terms, means and organisation of the integrated water services and assignment of the same to the operators; and 2)

approval of the agreement between *Consigli di Bacino* and integrated water services operators. On 15 January 2013 the new entity *Consiglio di Bacino Laguna di Venezia* was established, entrusted with integrated water services, including 36 municipalities located in the Province of Venice and in part in the Province of Treviso.

As at the date of this Prospectus, Veritas conducts its integrated water services under a concession originally granted under an agreement signed on 19 October 2004 but subsequently extended to 31 December 2018. In October 2013, AATO Laguna di Venezia passed a resolution confirming the in-house concession for the assignment to Veritas of integrated water services after 31 December 2018 and granted authority to reach a new agreement, to be proposed by no later than 31 December 2014, with an approximate 20-year term starting from December 2018.

Waste management business

Following the winding-up of AATO Venezia Ambiente pursuant to Regional Law 31 December 2012 no. 52, the new entity *Consiglio di Bacino* entrusted with waste service management is still in the process of being established. By a resolution of 31 October 2013, the *Comitato di Coordinamento e Controllo* of Veritas resolved to obtain the approval by the *Consiglio di Bacino*, once established, of the in-house concession granted to the Veritas Group for waste management services until 2038. Currently, environmental service management is granted in-house to Veritas and its subsidiaries Alisea and Asvo until 2038 under specific resolutions adopted by each shareholder.

Share Capital and Shareholders

Share capital

As at 31 December 2013, the Issuer had a share capital of €110,973,850, fully paid up and consisting of 2,219,477 ordinary shares with a nominal value of €50.00 each. Since 31 December 2013, there have been no changes to the Issuer's share capital.

Shareholders

The table below sets out the principal shareholders of the Issuer as at the date of this Prospectus. The largest shareholder is City of Venice with a 50.3 per cent. shareholding.

Shareholder	Number of shares held	Percentage of share capital
Comune di Venezia	1,116,756	50.32
Comune di Chioggia	240,339	10.83
Comune di Mira	131,765	5.94
Comune di Mirano	90,927	4.10
Comune di Spinea	85,353	3.85
Comune di Martellago	69,542	3.13
Comune di Scorzè	55,212	2.49
Comune di Noale	51,242	2.31
Comune di Dolo	48,312	2.18
Other municipalities (in aggregate) ^(*)	330,029	14.87
Total	2,219,477	100.00

^(*) A total of 40 other shareholders, each having shareholdings representing less than 2% of the Issuer's share capital.

Shareholders' agreements

As far as the Issuer is aware, there are no shareholders' agreement between its shareholders other than the agreement described under "*Concessions*" above.

Management

Corporate governance

Corporate governance rules for Italian companies like Veritas S.p.A. are provided pursuant to the Italian Civil Code. Veritas has adopted a system of corporate governance, based on a conventional organisational model involving the shareholders' meetings, the Board of Directors (which operates through the directors who have executive authority and are empowered to represent Veritas), the Board of Statutory Auditors and the independent auditors.

Board of Directors

The current Board of Directors has been appointed for a three-year term expiring at the shareholders' meeting called to approve the Issuer's 2015 year-end financial statements.

The following table sets out the current members of the Board of Directors of Veritas and the main positions held by them outside Veritas.

Name	Position	Main positions held outside the Veritas Group
Vladimiro Agostini	Chairman	-
Giacinto Pesce	Vice President	-
Michela Bovo	Director	Employee (<i>dipendente</i>) of the Municipality of Noale
Cristiana Scarpa	Director	Employee (<i>dipendente</i>) of the Municipality of Venice
Luisa Tiraoro	Director	Employee (<i>dipendente</i>) of the Municipality of Venice. Member of the <i>Commissione di concorso pubblico</i> of the Municipality of Treviso from March to June 2014

The business address of each member of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The current Board of Statutory Auditors of Veritas has been appointed for a three-year term expiring at the shareholder's meeting called to approve the Issuer's 2015 year-end financial statements.

The following table sets out the current members of the Board of Statutory Auditors of Veritas and the main positions held by them outside Veritas.

Name	Position	Main positions held outside the Veritas Group
Francesco Loero	Chairman	Director Timo Hexe S.r.l. <i>unipersonale</i>
Fiorella Gottardo	Standing Auditor	Substitute auditor Altinia Distribuzione S.p.A.
Giorgio Morelli	Standing Auditor	President of Board of Statutory Auditors of: Buonomore S.r.l.; Nuova Co.Ed.Mar S.r.l.; Costr. Generali Boscolo e Tiozzo S.p.A.; OP Valle Padana Soc. Cons. a r.l.; San Marco Associazione Produttori Pesca Soc. Coop.; Veneto Sviluppo S.p.A. Standing Auditor of: Clodia Scarl; Residenza Veneziana S.r.l.; Venezia Iniziative Culturali; Ater.

Name	Position	Main positions held outside the Veritas Group
Ausilia Mattiello	Substitute Auditor	President of Board of Statutory Auditors and President of <i>Organismo di Vigilanza</i> ex D. Lgs 231/2001 of Clea S.C. Impresa Cooperativa di Costruzioni Generali; Member of the <i>Collegio dei Revisori</i> of the Fondazione di Partecipazione Casa dell'Ospitalità. <i>Revisore Unico</i> of Colonia Alpina San Marco IPAB; Member of <i>Collegio dei Revisori</i> of the Istituzione Veneziana IPAB. Substitute Auditor of Ames S.p.A and Computer Solutions S.p.A..
Massimo Sorarù	Substitute Auditor	Substitute Auditor of: Terminal Intermodale Veneziana S.p.A.; Società 4 M S.p.A.; and Recus S.p.A.

The business address of each member of the Board of Statutory Auditors is the Issuer's registered office.

Conflicts of interest

As at the date of this Prospectus, no member of the Board of Directors or the Board of Statutory Auditors has any private interests in conflict or potential conflict with his duties arising from his or her office or position within the Group.

Employees

As at 31 December 2013, the Veritas Group had 2,493 employees, compared to 2,448 as at the previous year end.

Legal Proceedings

The Group is party to a number of civil, administrative and arbitration proceedings arising from the conduct of its activities and may from time to time be subject to inspections by tax and other authorities. As at 31 December 2013, the Issuer had a provision in its consolidated financial statement for legal proceedings in the sum of €4,368,798. At the date of this Prospectus the Issuer's management has no grounds for believing that this provision may be inadequate.

With regard to the existing claims and proceedings against companies of the Group, although it is difficult to determine their outcome with certainty, the management of the Group, based on information available as at the date of this Prospectus, believes that:

- liabilities relating to these claims and proceedings are unlikely to have, in the aggregate, a material adverse effect on the consolidated financial condition or result of operations of the Group;
- where liabilities relating to these claims and proceedings are probable and quantifiable, adequate provision has, in terms of established reserves and in the light of the circumstances currently known to Veritas, been made in the Group's financial statements; and
- where liabilities relating to these claims and proceedings are not probable or probable but not quantifiable, adequate disclosure has been made in the Group's financial statements.

For further details of the claims and proceedings referred to above, see "Provisions for Risks and Charges" on pages 102 to 103 of the audited consolidated financial statements of the Issuer as at 31 December 2013, which are incorporated by reference in this Prospectus.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables contain consolidated balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2013 and 2012, derived from the Issuer's audited consolidated annual financial statements as at and for the year ended 31 December 2013. This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2013 and 2012, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

The Issuer has prepared consolidated annual financial statements referred to above in accordance with IFRS and Reconta Ernst & Young S.p.A., auditors to the Issuer, have audited those financial statements without qualification.

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in "*Information Incorporated by Reference – Access to documents*".

VERITAS S.p.A.
AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

Assets

	As at 31 December	
	2013	2012 ^(*)
	<i>(thousands of Euro)</i>	
Non-current assets		
Intangible assets	22,240	21,850
Concession services	156,473	152,940
Goodwill	16,437	16,496
Property, plant and equipment	236,770	231,968
Investment property	13,925	11,179
Equity investments in associates and jointly controlled companies	30,727	27,472
Available-for-sale financial assets	1,212	224
Due from associates and jointly controlled companies	3,877	2,625
other financial assets	6,226	5,620
Due from subsidiaries held-for-sale	1,730	2,365
Due from income taxes	5,547	5,544
Deferred tax assets	12,953	11,232
Total non-current assets	508,116	489,515
Current assets		
Inventories	3,926	3,801
Contract work in progress	3,133	5,053
Trade receivables	89,444	109,626
Due from partner authorities	59,210	29,829
Due from subsidiaries held-for-sale	139	1,168
Due from associates and jointly controlled companies	15,267	9,294
Other receivables	25,351	17,419
Due from current income taxes	679	5,297
Cash and cash equivalents	21,615	15,482
Total current assets	218,764	196,968
Assets held for sale	15,908	15,826
TOTAL ASSETS	742,788	702,309

^(*) Figures restated to reflect early adoption of the revised version on IAS 19 - Employee benefits.

VERITAS S.p.A.
AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS (Cont'd)

Liabilities and shareholders' equity

	As at 31 December	
	2013	2012 ^(*)
	<i>(thousands of Euro)</i>	
Shareholders' equity		
Share capital	110,974	110,974
Reserves	36,959	32,061
Profit (loss) pertaining to the Group	5,229	5,836
Shareholders' equity pertaining to the Group	153,162	148,871
Share capital and reserves pertaining to minority interest	9,830	9,230
Profit (loss) pertaining to minority interest	519	414
Shareholders' equity pertaining to minority interest	10,349	9,645
Total shareholders' equity	163,511	158,515
Non-current liabilities		
Medium-long-term loans	123,063	118,215
Loans from other financiers	10,843	10,673
Provisions for risks and charges	24,117	21,951
Employee severance indemnity	27,205	26,628
Due to controlled companies held-for-sale	3	0
Due to partner authorities	27,874	27,418
Due to associates and jointly controlled companies	3	3
Other non-current liabilities	8,478	9,114
Deferred tax liabilities	9,970	11,062
Total non-current liabilities	231,555	225,065
Current liabilities		
Trade payables	111,652	102,382
Due to partner authorities	76,389	30,357
Due to subsidiaries held-for-sale	170	556
Due to associates and jointly controlled companies	30,465	23,930
Due to banks and current portion of medium-long term loans	55,668	102,107
Loans from other financiers	13,457	4,761
Derivative financial instruments	264	251
Other current liabilities	51,512	42,934
Tax payables	282	283
Total current liabilities	339,858	307,561
Liabilities held-for-sale	7,865	11,168
Total liabilities	579,277	543,794
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	742,788	702,309

^(*) Figures restated to reflect early adoption of the revised version on IAS 19 - Employee benefits.

VERITAS S.p.A.
AUDITED CONSOLIDATED ANNUAL INCOME STATEMENTS

	For the year ended 31 December	
	2013	2012^(*)
	<i>(thousands of Euro)</i>	
Continuing operations		
Revenue from sales and services	326,550	328,607
Other income	10,460	7,902
Total revenue	337,010	336,509
Raw materials and consumables	-27,719	-27,123
Costs for services	-107,931	-113,980
Costs for use of third party assets	-8,347	-8,913
Personnel costs	-131,472	-122,410
Other operating charges	-13,255	-13,641
Amortisation, depreciation and write-downs	-29,025	-29,786
Operating income	19,260	20,655
Share of profit (loss) from investments carried at equity	-102	-3,247
Financial charges	-9,183	-8,104
Financial income	2,199	2,741
Income before taxes	12,174	12,045
Income taxes for the year	-8,441	-5,311
Net profit (loss) for the year from continuing operations	3,733	6,734
Assets held-for-sale		
Net profit (loss) from assets held-for-sale	2,015	-484
Net profit (loss) for the year	5,748	6,251
Net profit (loss) pertaining to minority interest	519	414
Net profit (loss) pertaining to the Group	5,229	5,836
(losses)/gains from remeasurement of defined benefit plans	-1,282	-1,157
Income taxes pertaining to other components of the comprehensive income statement	353	318
Net profit (loss) for the year	4,818	5,412
attributable to:		
Parent company shareholders	4,309	5,006
Minority interests	509	406
Net profit (loss) for the year	4,818	5,412

(*) Figures restated to reflect early adoption of the revised version on IAS 19 - Employee benefits.

REGULATION

The principal legislative and regulatory measures applicable to Issuer's regulated business are summarised below. Although this overview contains the principal information that the Issuer considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations affecting the Issuer's and of the impact it may have on an investment in the Notes and should not rely on this overview only.

Granting of Local Public Services

The integrated water service, the integrated waste management service and public lighting services are local public services. Legislation regulating local public services of economic importance was affected by the outcome of the law-repealing referendum held on 12 and 13 June 2011.

On 12 and 13 June 2011, a referendum was held which repealed Article 23-bis of Decree No. 112/2008.

Following the referendum results, a new regulation on the matter was adopted (Article 4 of Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011, as subsequently amended) which was, however declared unconstitutional by the Constitutional Court, with judgment No. 199 of 17-20 July 2012.

Law Decree. No. 179/2012 entered into force which, however, does not apply to (i) gas; (ii) electricity and (iii) municipal pharmacies. Article 34 of this decree, as modified by Law No. 15/2014, with regard to local public services, provides that:

- public entities, before granting the concessions, shall publish on their websites a report clarifying the type of the award of the concession they have chosen (i.e. public bidding procedure for selecting a private company, public bidding procedure for selecting the private partner of a public-private company, direct award to wholly-owned public companies), its compliance with European Law on concessions' awarding procedures (in particular, the Treaty on the Functioning of the European Union and Directive 2004/18/EC)¹, and the relevant reasons underlying the choice;
- with reference to the concessions existing as of the date of entering into force of the decree (i.e. 20 October 2012) which do not comply with the requirements set forth by the European legislation, these concessions must be adjusted to such requirements by 31 December 2013 and the aforementioned report has to be published by 31 December 2013; should the awarding authority fail in complying with this obligation, the relevant concessions shall cease at 31 December 2013. In this regard, Law No. 15/2014 provided an exception aimed at ensuring the service's continuity. If the public entity has already started the concession awarding procedure, the subject entrusted with the public service can continue to operate until its replacement with the new concessionaire. However, this must happen before 31 December 2014;
- with reference to those concessions which do not provide for an expiry date, the competent awarding authority shall integrate the concession agreement with an expiry date; should the awarding authority fail in providing an expiry date, the relevant concession shall cease at 31 December 2013; and
- concessions granted to companies whose shares were listed on a stock exchange prior to 1 October 2003 (and to their subsidiaries) will terminate according to the terms originally indicated

¹ On 15 January 2014 the European Parliament approved the text of a new Directive regulating procedures for awarding concessions. The Directive comes into force 20 days after publication in the Official Journal of the European Union and must be implemented by Member States within 24 months.

in the concession agreement or in the other relevant acts; if no specific expiry date is provided, the concession shall expire not later than 31 December 2020, and no formal resolution from the awarding authority will be required in this respect.

As to the procedures for the assignment of local public services, Decree No. 179/2012 does not contain any specific provisions, except for the general principle according to which the local public service must be assigned on a homogeneous territorial basis (*the so called **ambiti territoriali ottimali e omogenei***). Therefore, considering that:

- (i) Article 23-*bis* of Law Decree no. 112 of 25 June 2008, (converted with amendments into Law No. 133 of 6 August 2008) has been repealed by the above-mentioned referendum; and
- (ii) Article 113 of Decree 267/2000, for the part abrogated by Article 23-*bis*, cannot be revived, according to Constitutional Court decision No. 24/2011,

for the time being public entities shall apply the principles and regulations provided for by the EU Treaty on the Functioning of the European Union and, in general terms, by EU Law and relevant case law. In this respect, the relevant authority shall alternatively award the new concession:

1. to private companies, selected by means of a public bidding procedure;
2. directly to public-private companies, should the private partner be selected through a tender having as its object (i) the award of the position as shareholder and, at the same time, (ii) the award to the private shareholder of operational tasks connected to the management of the service;
3. and directly to companies wholly-owned by public entities if the sole purpose of such companies is to supply services to those public entities and if the awarding authority may exert over the concessionaire public company the same control that the authority exerts over its offices and departments (so called "in-house" companies).

Water Business

The Galli Law and the Environmental Code

The first comprehensive set of legal provisions enacted to regulate the sector of water services was contained in Law No. 36 of 5 January 1994 (the "**Galli Law**") aimed at revising the existing scheme of regulation applicable to the management of water resources, the supply of drinking water and waste water treatment.

The Galli Law supported a transition towards integrated management of all water resources, including both drinking water services and waste water services and delegated the authority for the integrated water services to local authorities.

The Galli Law is no longer directly applicable since it has been repealed by Legislative Decree No. 152 of 3 April 2006 (the "**Environmental Code**"). Through the Environmental Code, the Galli Law was reviewed but substantively maintained and provided for the following principles:

- established a single integrated system for the management of the entire cycle of water resources (integrated water services or "*servizio idrico integrato*"), including the abstraction, transportation and distribution of water for non-industrial purposes, water drainage and purification of waste water; and
- identified "Optimal Territorial Districts" ("*Ambiti Territoriali Ottimali*" or "ATOs"), within which the integrated water services are to be managed.
- created a Water District Authority for each ATO ("*Autorità di Ambito Territoriale Ottimale*" or "AATOs"), responsible for:

- (i) organising integrated water services, by means of an integrated water district plan which, *inter alia*, sets out an investments policy and management plan relating to the relevant district (*Piano d'Ambito*);
- (ii) identifying and overseeing an operator of integrated water services;
- (iii) determining the tariffs applicable to users;
- (iv) monitoring and supervising the service and the activities carried out by the selected operator, in order to ensure the correct application of the tariffs and the achievement of the objectives and quality levels set out in the district plan.

The boundaries of each ATO were defined on the basis of:

- (i) consistency with hydrological conditions and logistical considerations;
- (ii) the goal of achieving industry consolidation; and
- (iii) the potential for economies of scale and operational efficiencies.

The organisation of integrated water services relies on a clear distinction in the division of tasks among the various governing bodies. The State and regional authorities carry out general planning activities while local authorities (water district authorities) supervise, organise and control the integrated water services but these activities are managed and operated on a day-to-day basis by (public or private) service operators.

Law No. 42 of 26 March 2010 provided for the abolition of the AATO's starting from 27 March 2011, which deadline has subsequently been extended to 31 March 2011, 31 December 2011 and again to 31 December 2012. By this deadline, regional governments were required to re-assign, by means of specific laws, the roles previously performed by the AATOs, in accordance with the principles of subsidiarity, differentiation and adequacy.

As at the date of this document, some regions, for example Veneto through regional Law n. 17/2012, have already established the new relevant entities which acquired the roles previously performed by the AATOs.

Pursuant to the Environmental Code, the award of the integrated water system had to be carried out by means of a public tender procedure to be organised by the relevant AATO. In particular, the awarding procedure was regulated by Article 23-*bis* of Decree No. 112/2008 (as subsequently amended) which was repealed following the referendum held on 12 and 13 June 2011 as described above.

The Constitutional Court clarified, by means of decision No. 62 of 7 March 2012, that following the results of the referendum, the Regions are only entitled to identify the entity responsible to carry out the role previously performed by the AATOs (which ceased their functions on 31 December 2012 as mentioned above), in accordance to the principles of subsidiarity, differentiation and adequacy. Such entity is responsible to award the management of the water services in compliance with the European principles on public tender procedures (in particular, the Treaty on the Functioning of the European Union and Directive 2004/18/EC).

In other words, according to the Constitutional Court decisions, the referendum repealed the specific provisions set out by Article 23-*bis* (including the provision on public-private partnership in which the private partners holds at least 40% of the capital) whilst the European principles on public tender procedures (including the principle concerning in house awarding) still apply. This has been confirmed by legislation subsequently adopted.

In this respect, Law Decree No. 133 of 12 September 2014 ("**Decree No. 133**") provides, *inter alia*,

that the Water District Authority (now in Italian *Ente di governo dell'ambito*) must identify the type of water service management among those allowed by the European legislation and, as a consequence, award the service in compliance with the national legislation on local public services. Decree No. 133 confirms that the duration of the granting cannot exceed 30 years. At the subsequent expiry of the water service management, the Water District Authority must grant the service at least six months before the expiration of the previous service. As at the date of this Prospectus, Decree No. 133 needs to be converted into law and, accordingly, the above provisions could be modified during the conversion process.

Water tariff mechanism for transition period from 2012 to 2013: Resolution- No. 585/2012/R/idr of 28 December 2012

Law Decree No. 201 of 6 December 2011 (converted into Law No. 214 of 22 December 2011) granted to the Autorità per l'Energia Elettrica, il Gas e il Sistema Idrico (the "AEEGSI") the regulatory functions concerning the integrated water service. The AEEGSI must also set the cost components used to determine the tariff for the integrated water service (in compliance with the criteria and goals defined by the Ministry of the Environment) and approve the tariffs of the integrated water service.

On 28 December 2012, by Resolution No. 585/2012/R/idr, the AEEGSI approved a new temporary tariff method for the transition period from 2012 to 2013. The temporary method identifies the methodology to be used at the national level to determine tariffs for the years 2012 and 2013 and anticipates the general outline of the definitive methodology expected to apply beginning in 2014. However, as at the date of this Prospectus, a legal challenge to this new tariff mechanism is pending before the administrative courts.

As to the contents of the resolution, the AEEGSI proposes delineating between the actual yield (price charged to customers) and revenue recognised, on the basis of costs recognised (the constraint of business). It is reasonable to expect that the AEEGSI will initiate the regulation of the quality of the technical and commercial service with the consequent application of rewards / penalties.

The AEEGSI is also expected to introduce the accounting and administrative separation of activities. The proposed methodology provided for a transitional rate in force from 1 January 2012 to 31 December 2013, which applied from 1 January 2013.

For 2012, the new tariff did not have an effect on what end users have to pay, but gives rise to recoveries / refunds out of the prices for the years after 2013. In particular, the difference between the fees charged by the operator and the rates underlying the application of the transient method to the year 2012, will be compensated in respect of revenue recognised for the year 2014.

It is proposed that the tariff 2012-2013 takes, as reference, the data from the year 2011 (economic and quantitative) that is subject to a special update and is used for both years of application.

The transitional period is characterised by:

- the same tariff structure applied in 2012, with data updated to ensure the revenues recognised on the basis of the new methodology; and
- the variables from the year 2011 (number of users connected, distributed cubic metres, etc.).

Tariff method for the years 2012 and 2013

The tariff method for the years 2012 and 2013 is not determined by using forward-looking information, as was the case under the previous tariff method, but only recognises the investment and operating costs incurred by the operators.

The tariff is composed of two terms in addition to the pass through costs (electricity, wholesalers, rents / mortgages, adjustments):

- *Opex*: operating costs (excluding pass through costs); and
- *Capex*: Capital costs: depreciation, financial expenses, taxes (excluding taxes loops).

The AEEGSI has developed a mechanism of sliding scale for the years 2012-2013 intended to limit the tariff increases or decreases.

Such sliding scale is based on the comparison between the tariff constraints:

- Tariff by the "*Piano d'Ambito*" = Operating Costs by Area Plan + Cost of capital by the Area Plan or VRP = $Op + Cp$
- Tariff by Transient Method = Method of Transient Operating costs + capital costs by Transient Method or VRT = $Ott + Ctt$

The tariff for the years 2012 and 2013 recognises the following components:

(a) *Net capital employed*:

- all investments completed by 31 December 2011, re-evaluated using a deflator;
- working capital equal to 60/365 for the debts and 90/365 for the credits of the 2011 turnover;
- construction in progress at 31 December 2011, net of those with balances unchanged for more than five years;
- economic and monetary revaluations and other intangibles are not recognised in the capital value of goodwill;
- the non-repayable investments are not recognised
- the amount of some provisions (e.g. retirement allowance reserve, provisions for risks, provision for tariff components to be refunded to users) are deducted from the net capital employed calculated as above.

(b) *Depreciation*:

- quotas for the reference on the basis of the regulatory lives of the assets will be recognised for each year;
- investment grant amortisation expense is recognised with no financial burden. A specific provision aimed at promoting the conservation and development of infrastructure is required.

(c) *Operating costs*:

- the costs incurred in 2011 will be used as reference, minus certain items and a portion of the revenues received for other services related to the water service (*i.e.*: connections, industrial waste, loot);
- the cost will be increased with the rate of inflation and decreased on the basis of the mechanism of efficiency recognition of the value of credit losses up to the amount of use of the provision;
- energy costs and the wholesale supply of water will be determined according to a specific methodology and will not be subject to efficiency;
- recognition of the Regional Tax on Productive Activities ("**IRAP**").

(d) *Financial charges*:

- recognition of a financial interest standard post taxes on capital employed (based on equity and debt);

- recognition of a flat rate for Corporate Income Tax ("**IRES**").

On 1 February 2013, the AEEGSI also approved a specific provision of the definition of the criteria for the calculation of the amounts to be repaid to end users, corresponding to the return on invested capital and paid in the water bills in the post-referendum period from 21 July until 31 December 2011. These criteria were confirmed by the opinion n. 267/2013 issued by the Council of State (*Consiglio di Stato*) which affirmed that the reimbursement to end users must comply with the principle of full cost recovery.

New tariff method for the years 2014 and 2015

On 27 December 2013, with Resolution No. 643/2013/R/idr, the AEEGSI approved the new tariff structure for the period from 2014 to 2015. Pursuant to the Resolution, each ATO had to propose the relevant new tariffs by 31 March 2014, which must then be approved by AEEGSI within the following 90 days.

Article 2 of Resolution No. 643/2013/R/idr defines the following service costs as components for determine the new tariff:

- investments costs, including borrowings, taxes and depreciation charges;
- operative costs, including costs related to the electricity, wholesale supplies, costs related to the loans and other various components;
- any additional advance payment for new investments;
- environmental costs and of resource; and
- component relating to levelling.

Starting from 1 January 2014, all water service operators will have to apply the following tariff:

- the tariff approved for 2013 until the new tariff by ATO has been finalised;
- the tariff predisposed by ATO until the new tariff by AEEGSI has been approved;
- the tariff relating to the year 2012 multiplied for the value $Teta^2$ (2014) approved by AEEGSI, after the approval of the new tariff by AEEGSI.

Waste Business

The Environmental Code

The waste sector is regulated by the Environmental Code which initially provided for the following principles:

- encouraging of segregated waste collection, establishing collection targets in set timeframes: 35% by 31 December 2006, 45% by 31 December 2008 and 65% by 31 December 2012;
- each region has been divided into various areas and a Waste District Authority will be established for each area (Autorità di Ambito Territoriale Ottimale or "AATOs"), which was responsible for organising, awarding and supervising integrated waste management services;
- the AATO drafted a district plan, in accordance with the criteria set out by the relevant regional government;
- the municipalities' responsibilities relating to integrated waste management was transferred to

² Teta is a coefficient which represents the tariff's increase. It is defined by Annex A to AEEG Resolution No. 643/2013/R/idr on the basis of the relationship between the costs and the volumes related to the activities of two years before ($a - 2$), appreciated with regard to the tariffs set at the beginning of year 2012.

the AATOs;

- a phasing-out of landfills as a disposal system for waste materials; and
- the order of priority of the procedures through which waste was to be managed will be the following:
 - (i) preparation for reuse;
 - (ii) recycling;
 - (iii) recovery, including energy generation; and
 - (iv) disposal.

Integrated waste management means the total activities carried out to optimise the management of waste, these being the transportation, treatment and disposal of waste, including street sweeping and the management of these operations.

With respect to the abovementioned principles, the AATOs which were responsible for the integrated waste management and integrated water service have been abolished by Law no. 42 of 26 March, 2010. By 31 December 2012 regional governments were required to re-assign the roles previously performed by the AATOs.

Further to the abolishment of AATO *Venezia Ambiente*, a new entity named "*Consiglio di Bacino*" is in the process of being established and entrusted with the relevant environmental services.

By a resolution of 31 October 2013, the *Comitato di Coordinamento e Controllo of Veritas* resolved to obtain the approval of the *Consiglio di Bacino*, once established, of the *in house* concession granted to the Veritas Group of waste management services until 2038. Currently, environmental service management is granted *in house* to Veritas and its subsidiaries Alisea S.p.A. and Asvo S.p.A. until 2038 under specific resolutions adopted by each shareholder.

Integrated waste operator

The Environmental Code regulated the award of tenders for operating the integrated waste management service made in favour of a sole operator for each ATO by means of a competitive procedure to be organised by the AATOs pursuant to Article 23-bis of Decree No. 112/2008, as subsequently amended.

As mentioned above, from 31 December 2012 AATOs have been abolished and the Regions were required to identify the entity responsible to carry out the role previously performed by the AATOs in accordance to the principles of subsidiarity, differentiation and adequacy.

Such entity is responsible, inter alia, to award the management of the waste services in compliance with the European principles on public tender procedures, following the repeal of Article 23-bis of Decree No. 112/2008 by means of the referendum held on 12 and 13 June 2011 and in compliance with the legislation subsequently adopted.

As already mentioned, until the new entity is set up, the integrated waste management service is granted to Veritas under specific resolutions adopted by each Veritas shareholder.

Waste tariff mechanism

Article 14 of Law Decree 201/2011, converted into Law No. 214 of 22 December 2011 established a tax (so called TARES or waste services tax) in all municipalities, effective as of 1 January 2013, to cover the costs of urban and similar waste disposal services and the costs relating to the municipalities' indivisible services (such as public lighting, local police, etc.). Consequently, as of 1

January 2013, all taxes relating to the management of urban waste previously applicable (so called TIA1, TIA2 and TARSU) were eliminated.

The tax is due from anyone who owns or occupies in any capacity an enclosed or open space which may entail waste production. Consequently, the tax must be proportionate to the average quantities and qualities of waste produced in a surface unit.

Pursuant to Presidential Decree No. 158 of 27 April 1999, TARES consists of:

- a portion calculated in relation to the essential components of the service costs, which mainly involve investments for works and related depreciation; and
- a portion dependent on the quantity of waste handled, the service provided and the extent of operating expense, so as to ensure total coverage of the investment and operating costs³.

In addition, the tax is increased by €0.30 for each square metre in order to cover the costs incurred by municipalities for the indivisible services⁴.

Besides, the Municipalities which have realised system to measure the quantity of waste conferred to the waste management service may provide for the application of a tariff instead of the above mentioned tax. The tax must be paid to the Municipality.

However, the Municipalities may assign, up until 31 December 2013, the management of the tax (or of the tariff, if applicable) to entities that, as at 31 December 2012, perform, including separately, the waste management service and assessment and collection of TARSU, TIA 1 or TIA 2.

On 1 January 2014, Law No. 147 of 27 December 2013 (the so-called *Legge di Stabilità* or Stability Law) further modified the above-mentioned model, introducing a new comprehensive tax known as *Imposta Unica Comunale* (UIC), consisting of three components:

- a portion calculated in relation to the local government tax known as *Imposta Municipale Unica* (IMU), depending on the asset of each municipality
- a portion depending on the indivisible services (TASI);
- a portion depending on the new tax on waste disposal services ("**TARI**"), repealing the above mentioned TARES.

TARI is imposed on anyone who owns or occupies in any capacity an enclosed or open space which may entail waste production, and is assessed according to the property's surface area.

³ Article 10 of Law Decree No. 35/2013 sets out specific regulations of the amount, method and deadlines for payment of TARES for the year 2013 only.

⁴ Municipalities may also increase the tax by up to Euro 0.40 for each square meter, depending on the type of property and the area where it is located.

TAXATION

The following is a summary of current Italian law and practice relating to the taxation of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

The following is a general summary and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

This summary assumes that the Issuer is resident in Italy for tax purposes, is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of the Notes should be aware that the tax treatment depends on the individual circumstances of each Noteholder: as a consequence they are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

1. Tax treatment of Notes which qualify as "*obbligazioni*" (bonds) or "*titoli similari alle obbligazioni*" (securities similar to bonds)

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**"), as subsequently amended, provides, *inter alia*, for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds ("*obbligazioni*") or debentures similar to bonds ("*titoli similari alle obbligazioni*") traded on a regulated market or another multilateral trading platform for the purpose of the EC Directive No. 2004/39/EC of 21 April 2004 of a EU Member State or a State of the European Economic Area that allows for the exchange of information between tax authorities according to the provisions of Ministerial Decree of September 4, 1996, as subsequently amended and supplemented and of the Ministerial Decree that will be issued in accordance with Article 168-bis of Presidential Decree No. 917 of 22 December 1986 ("**Decree 917**") and issued by Italian resident stock companies whose shares are not listed in a regulated market or multilateral trading facility.

For this purpose, pursuant to Article 44 of Decree 917, bonds or debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

1.1 **Italian resident Noteholders**

Where an Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under "Capital gains tax" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes and accrued during the relevant holding period are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26% as of 1 July 2014 according to Law Decree No. 66 of 24 April 2014 ("**Decree 66**") converted by Law No. 89 of 23 June 2014. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (IRES, generally levied at the rate of 27.5%) and, in certain circumstances, subject to the "status" of the Noteholder, also to regional tax on productive activities (IRAP).

Under the regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the *Agenzia delle Entrate* through Circular No. 47/E of 8 August 2003, and Circular No. 11/E of 28 March 2012, payments of Interests in respect of the Notes made to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of 24 February 1998 and article 14-*bis* of Law No. 86 of 1 January 1994 are not subject to *imposta sostitutiva*.

If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 ("**Fund**") or a SICAV and the Notes are held by an authorised intermediary, according to Circular No. 11/E of 28 March 2012, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax, up to 26% as of 1 July 2014 according to Decree 66, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11.5% substitute tax for year 2014 according to Decree 66.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Società di gestione del risparmio*, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**") as subsequently amended and integrated.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

1.2 Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an institutional investor that is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence; or, independently by the relevant country of tax residence, (c) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

It should be noted that, according to the Law No. 244 of 24 December 2007 ("**Budget Law 2008**"), a decree still to be issued will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or a non-Italian resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26% as of 1 July 2014 according to Decree 66 to Interest paid to Noteholders who (i) are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or (ii) otherwise do not qualify for the exemption.

However, Noteholders who are subject to the substitute tax might be eligible for a total or partial relief under any applicable tax treaty.

2. Capital gains tax

2.1 Italian resident Noteholders

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar

commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26% as of 1 July 2014 according to Decree 66. Under some conditions and limitations, Noteholders may set off losses with their gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime ("*regime della dichiarazione*"), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014. As such regime constitutes the ordinary regime, the Noteholder must apply it whenever he does not opt for any of the two other regimes;
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to

30 June 2014. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have adopted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax, levied at the rate of 26% as of 1 July 2014 according to Decree 66, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Pursuant to Decree No. 66, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Law Decree No. 351 of 25 September 2001 as subsequently amended apply will be subject neither to imposta sostitutiva nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund (as defined above) or a SICAV will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax, up to 26% as of 1 July 2014 according to Decree 66, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11.5% substitute tax for year 2014 according to Decree 66.

2.2 Non-Italian resident Noteholders

The *imposta sostitutiva*, levied at the rate of 26% as of 1 July 2014 according to Decree 66, may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to article 23 of Decree 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected, through the sale for consideration or redemption of Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the authorized financial intermediary an appropriate affidavit ("*autodichiarazione*") stating that the investor is not resident in Italy for tax purposes.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are either
- (a) resident, for tax purposes, in a country which allows an adequate exchange of information

with Italy, which are those countries listed in a ministerial decree to be issued under article 168-*bis* of Decree 917 and, until the year of enactment of the new decree, in the ministerial decree of 4 September 1996, as amended from time to time; or (b) institutional investors which are resident in a country which allows for an adequate exchange of information with Italy, even if they do not possess the status of a taxpayer in their own country of residence; or, independently by the relevant country of tax residence, (c) international entities or bodies set up in accordance with international agreements which have entered into force in Italy; or (d) Central Banks or an entities which manage, *inter alia*, the official reserves of a foreign State (see article 5, paragraph 5, letter a) of Italian Legislative Decree No. 461 of 21 November 1997). In this case, if non Italian residents without a permanent establishment in Italy to which the Notes are effectively connected have opted for the *risparmio amministrato* regime or the *risparmio gestito* regime, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration ("*autocertificazione*") stating that they meet the requirements indicated above; and

- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes. In this case, if non Italian residents without a permanent establishment in Italy to which the Notes are effectively connected have opted for the *risparmio amministrato* regime or the *risparmio gestito* regime, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

3. Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or the gift exceeding €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law of a direct lineage or after relatives-in-law of a collated lineage up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

4. Transfer tax

Article 37 of Law Decree No. 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds

are subject to fixed registration tax at the rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

5. Stamp duty

Article 13, paragraph 2-ter, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Stamp Duty Law**"), as amended by Law Decree No. 201 of 6 December 2011 ("**Decree 201**"), converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to clients as of 1 January 2012 ("**Statement Duty**"). The statement is deemed to be sent to the clients on an annual basis, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate 0.20% (but in any case not exceeding €14,000. This cap is not applied to individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as "financial instruments". This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the securities held. It may be understood that the stamp duty applies both to Italian resident and non-Italian resident security-holders, to the extent that the Notes are held with an Italian-based financial intermediary.

6. Wealth tax on securities deposited abroad

Pursuant to Article 19, paragraph 18, of Decree 201 and as clarified by Circular No. 28/E of 2 July 2012 of the Italian Tax Authorities, Italian resident individuals holding the securities outside the Italian territory (i.e. without depositing them with an Italian resident financial intermediary) are required to pay a wealth tax at the current rate of 0.20% for each year.

This tax is calculated on the market value of the securities at the end of the relevant year or – if no market value figure is available – on the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

7. Tax monitoring

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals, non-profit entities and certain partnerships (in particular, *società semplici* and assimilated entities referred to in Article 5 of Decree no. 917) resident in Italy who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). This obligation is also provided for those individuals who are not direct holders ("*possessori diretti*") of foreign investments or foreign financial activities but who are the beneficial owners ("*titolari effettivi*") of such investments or financial activities. Such obligation is not provided for those deposits and bank accounts ("*depositi e conti correnti bancari*") held abroad whose overall maximum value reached during the fiscal year does not exceed €10,000.00.

8. EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period

being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the EU Savings Tax Directive which, if implemented, may amend or broaden the scope of the requirements described above. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

On 24 March 2014, the Council of the European Union formally adopted the Amending Directive and broadening the scope of the requirements described above. Member States are required to implement national legislation giving effect to these changes by 1 January 2016. That domestic legislation must be applied from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Tax Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

9. Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

10. The proposed Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer and the Lead Manager dated 13 November 2014 (the "**Subscription Agreement**"), the Lead Manager has agreed to subscribe for the Notes on the Closing Date at the issue price of 99.328 per cent. of their principal amount. The Issuer has agreed to pay commissions to the Lead Manager and to reimburse certain of its expenses incurred in connection with the discharge of its duties under the Subscription Agreement. The Lead Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Lead Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, the Lead Manager has represented and agreed that no Notes may be offered, sold or delivered nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined in Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**") implementing Article 100, paragraph 1(a), of Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or the "**TUF**"); or
- (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of the TUF or the Issuers' Regulation.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the TUF, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (2) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

The Lead Manager has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by resolutions of the Issuer's Board of Directors dated 20 March 2014 and 11 November 2014.

Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to trading on its regulated market and to be listed on the Official List.

Expenses related to Admission to Trading

The total expenses related to admission to trading are estimated at €9,940.

Use of Proceeds

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes, including refinancing of existing debt.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Group.

Significant/Material Change

Save as described in "*Risk Factors – Risks relating to SIFA S.c.p.A.*" above, since 31 December 2013 there has been no material adverse change in the prospects of the Issuer and no significant change in the financial or trading position of the Group.

Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012 have been audited without qualification by Reconta Ernst & Young S.p.A.

Reconta Ernst & Young S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance ("MEF") and registered on the register of auditing firms held by MEF. The registered office of Reconta Ernst & Young S.p.A. is at Via Po, 32, 00198 Rome, Italy.

Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations) may be inspected during normal business hours at the offices of the Fiscal Agent at 33, rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg, Grand Duchy of Luxembourg:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the Agency Agreement;
- (c) the Deed of Covenant; and
- (d) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012.

Interests of natural and legal persons involved in the issue/offer

The Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, the Issuer and its affiliates and have performed, and may in the future perform, corporate finance and other services for the Issuer and its affiliates, in each case in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Lead Manager or its affiliates that have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

On the basis of the issue price of the Notes of 99.328 per cent. of their principal amount, the gross yield of the Notes is 4.375 per cent. on an annual basis. Such amount is not, however, an indication of future yield.

Legend Concerning US Persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN and common code assigned to them:

ISIN: XS1138266140

Common code: 113826614.

ISSUER

Registered office:
Santa Croce, 489
30135 Venice
Italy

FISCAL AGENT AND PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald-Hesperange
L-2085 Luxembourg
Grand Duchy of Luxembourg

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